



Daily Report

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General

Daily on 'Improvement' in International Relations
HK1712080088 Beijing RENMIN RIBAO in Chinese
16 Dec 88 p 6

[Article by Qian Qichen (6929 0366 3819): "A Year of Notable Improvement in the International Situation"]

[Text] The year 1988 will soon be over. The end of the year is probably a time for people to recall the past year. We have no idea how future historians will describe the year 1988 in the history of international relations. However, many important world events have taken place over the past year, with notable improvement in the international situation, and the year 1988 will have an important place in history.

In the 40-some years since the end of World War II, the United States and the USSR have all along competed with each other in an ever-escalating arms race, posing grave threats to world peace and mankind. Although numerous disarmament talks were conducted in the past, with some agreements on restricting armaments reached, they did not stop the qualitative and quantitative improvement in the armaments of both powers. The Intermediate-range Nuclear Forces (INF) Agreement initialed toward the end of 1987 was the first of its kind signed between the United States and the USSR on cutting some nuclear-guided missiles. Based on the stipulations of this agreement, the two sides have begun to remove and to demolish their intermediate-range and medium short-range guided missiles this year under strict examination. The USSR has recently announced the number of men and conventional arms to be demobilized in the next 2 years, and to withdraw some of its troops stationed in East European nations, while the bulk of its troops stationed in Mongolia will also be withdrawn. Generally speaking, the reaction of world opinion regarding this has been positive.

Over the past 40-some years, partial wars and armed conflicts have never stopped. A series of new regional conflicts continued to break out and to grow intense between the mid-1970's and early 1980's, and people could not help being deeply worried about the fate of world peace. The situation has changed this year. The "hot spots" in various regions of different conditions started to cool off, developing in the direction of political settlement. Following the initialed of the Geneva agreement on the settlement of the Afghanistan issue, a cease-fire was realized between Iran and Iraq on the basis of the UN Security Council Resolution No 598. An agreement has also been reached as a result of the quadripartite talks among Angola, Cuba, South Africa and the United States on resolving the southwest African issue. All sides concerned in other regional conflicts are seeking ways to conduct talks and explorations of various descriptions. This ever-growing momentum of political settlement of regional conflicts is welcomed by the people of the world. Noteworthy is the fact that the United Nations has in recent years

played an active role in promoting the settlement of major international disputes. This conforms with the hope of people throughout the world.

We have also witnessed many notable changes in other areas this year. Reforms and opening up to the world have developed into a trend in many socialist countries. U.S.-USSR top-echelon contacts have been frequent. Ties between Eastern Europe and Western Europe have been active. The GDR leader has visited the FRG for the first time, the EC and the Comecon have initialed an agreement to establish official relations, and a Balkan meeting for foreign ministers was convened for the first time.

The new development in Sino-Soviet relations is also one of the major eye-catching world events in 1988. It is universally acknowledged that through efforts of the two sides in recent years, Sino-Soviet relations have been improving somewhat step by step. Along with the changes in the world situation over the past year, the process of the normalization of the Sino-Soviet relations has also begun. Earnest preparations are needed for the long-expected Sino-Soviet summit. The visit by the Chinese foreign minister to the USSR not long ago and the reciprocal visit by the Soviet foreign minister early next year are precisely the component parts of such preparations. The realization of the normalization of Sino-Soviet relations on the basis of the five principles of peaceful coexistence will certainly be favorable to Asian and world peace.

Statesmen and scholars of various countries have made various assessments on the great changes taking place in the world situation. Some said that the world is in "a stage of changes"; others said that the present "can be a turning point of the cold war"; still others believed that the world has entered into a "post postwar" period. In our view, the world today is changing from confrontation to dialogue, from strain to relaxation; peace and development have become the mainstream of the times. True, the surfacing of such changes is connected with the policies pursued by various countries, but basically, this is the requirement resulting from the evolution in the world situation and historical development over the 40-some years since the end of World War II.

A conspicuous characteristic in postwar history was the ever-strengthening sense of independence and the taking of the initiative into their own hands on the part of the peoples of all nations. With an unprecedented upsurge in the postwar national emancipation movement, the colonial system disintegrated with colonies and dependencies of the past acquiring their independence one by one. At the same time, people have also seen that all medium and small nations are paying great attention to safeguarding their sovereignty, striving for their status of equality in international society, and are unwilling to see their own fates subjected to others' manipulation. The historical phenomenon in which small and weak nations depended on some great powers are outmoded today. This is great historical progress. It is precisely this

progress that makes hegemonism and power politics run up against a stone wall everywhere, and group politics cannot but undergo some changes.

Another conspicuous characteristic in postwar history was the impossibility of resolving international disputes by military means, and the attempts to force one's will on others by relying on military strength would only suffer setbacks. The postwar history has shown that, without exception, the several aggressive wars of the great powers against small nations met with failure owing to the resolute resistance of the latter. The cost of those wars could be very great to those aggressive countries themselves as well as causing their isolation in the world, aside from the great sufferings they caused the small nations. Conflicts between developing nations could have been resolved peacefully through talks. Unfortunately, however, some of them ended in armed conflicts. Consequently, they suffered tremendous undue losses; such conflicts were unfavorable to the realization of their historical mission in pursuing development. Concerning the superpowers capable of starting a world war, although their nuclear arsenals are strong enough to destroy the world over and over again, they could not but be more careful to avoid a head-on confrontation, because no one would win in a declared nuclear war, nor could they afford to fight such a war.

The third conspicuous characteristic in postwar history was the rapid progress in science and technology and its conversion into a productive force, which has, in turn, led to rapid economic development. For various reasons, some countries bore lighter burdens in terms of armaments, without being involved in any wars. They have focused their strength on developing science and technology, economy, and education, with their national strength growing by leaps and bounds. On the other hand, those countries bogged down in an arms race and military conflicts were deeply affected in their economic development. The United States used to account for some 50 percent of the world's total volume of gross national product in postwar years, but now its proportion has dropped to 23 percent. Japan's proportion accounted for 4.5 percent in the 1960's, but now it has gone up to 14 percent. The economies of various West European nations were greatly damaged in World War II, but now their economic strength as a whole is largely the same as that of the United States. People have come to see clearly with each passing day that in the world today, the craving for building up military strength alone does not work, and the rise or decline of a nation depends more on the power of the comprehensive national strength formed by various essentials of such strength, the development of the economy, science and technology in particular, than it did at any time in the past. It is by no means accidental that peace and development have become the two themes of common concern of all countries today.

Following the growth and decline of the relative strength of various forces in the world, great changes have taken place in the bipolar situation that had taken shape under

the cold war conditions after the war. In the world today, on the one hand, people note the growing roles of Western Europe, Japan, the vast numbers of developing countries, the series of regional political and economic cooperative organizations in Asia, Africa, and Latin America, and the Nonaligned Movement in international affairs; on the other hand, they also note the weakening positions of the two superpowers, the United States and the Soviet Union. Although the two countries still hold an overwhelming superiority over other countries militarily, they are subject to serious economic challenges and their political influence has markedly dropped. As people often put it, this is precisely the development of the world's multi-polarized trend.

The relaxations of the international situation today have emerged against the above-mentioned historical background and, therefore, is not an accidental, temporary phenomenon. It will last for a considerably long historical period.

China needs development and peace. The numerous major events in the world and the major changes in the whole international situation in the past year have enabled us to see that the prospects for peace are brighter than before and have filled us with more confidence to strive for a long-lasting, peaceful international environment.

Naturally, the marked improvement in the international situation does not mean that the world will be peaceful and tranquil from now on. Many unstable factors still exist in the world.

Rivalry between the United States and the Soviet Union does not and will not disappear but will go on in a different form from the past. The United States has announced that the Soviet Union is still its principal threat, and the Soviet Union, for its part, asserted that it would not let the United States gain the upper hand.

None of the current regional conflicts has been definitively solved, and the possibility that new conflicts will break out cannot be precluded either. In the future detente process, complications and reversals are totally possible. We should be fully prepared for this ideologically and not slacken, in the slightest degree, our efforts to safeguard peace.

The gap between the North and the South is widening. The per capita income of developed countries was higher than that of the poor countries by twenty-fold in 1952 and by forty-six-fold in the mid-1980's. The export volume of developing countries accounted for 28 percent of the world's exports in 1980 but dropped to 19 percent in 1986. The developing countries' debt burdens are becoming increasingly heavy, their foreign trade is subjected to the restriction of protectionism, and their shortage of funds has become more serious. This state of affairs is unfavorable to world peace and stability.

The international situation has greatly improved but the world is still full of contradictions and disputes still constantly occur. Under these conditions, what should we do to handle well the relations between one country and another so that the security of all countries is not threatened and that all countries can devote themselves to their own development in a peaceful environment? In our view, it is time to put forward the idea of establishing a new international political order on the basis of the five principles of peaceful coexistence.

In the 1950's, China and some of its Asian neighbors jointly initiated the five principles of peaceful coexistence, namely mutual respect for sovereignty and territorial integrity, mutual nonaggression, noninterference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence, as the basic principles guiding international relations and gained extensive responses in the world. Over the past 30-odd years, the five principles have stood the test of history and displayed strong vitality. The reason is that they have impartially reflected the fundamental interests of all countries, can serve countries with different social systems and different levels of development, and are acceptable to all countries. As is known to all, the basic spirit of the three joint communiquees, which serve as a basis for the long-term, steady development of relations between China and the United States, has embodied the five principles of peaceful coexistence. The basis for achieving normalization of relations and continuously developing good-neighbor and friendly relations between China and the Soviet Union can only be the five principles of peaceful coexistence.

It is hard to avoid contradictions and disputes between one country and another. The question is how to deal with them appropriately. China has unwaveringly upheld an independent foreign policy of peace. We have always stood for the peaceful solution of international disputes through talks and are opposed to the use or threat of force. We have always opposed armed aggression and military occupation by one country against another country and do not approve of the stationing of troops and the establishment of military bases in foreign countries.

The Asia-Pacific region occupies an important position in the world and draws increasing world attention. Situated in Asia and the Pacific, China is naturally very much concerned about peace and development in the Asia-Pacific region. The national conditions of countries in the Asia-Pacific region are greatly diversified. This should become the source of development, mutual benefit, cooperation, and vitality among all countries in the region instead of becoming the cause of trouble. China does not seek hegemony and is opposed to any other country seeking hegemonism in the Asia-Pacific region.

The five principles of peaceful coexistence is the crystallization of the wisdom of Asians. Asia is also the birthplace of the famous 10 principles of the Bandung Conference. We hope to carry forward the spirit of these

principles in the Asia-Pacific region and to set an example of peaceful coexistence, South-South cooperation, and North-South cooperation. China hopes to develop good-neighbor relations with all countries around her. We are looking forward to the Indian prime minister's visit to our country.

Ten whole years have passed since Vietnam launched a war of aggression against Cambodia. What has Vietnam obtained, anyway? "Whoever understands the times is a great man." If the Vietnamese authorities can conform to the historical trend and are resolved to withdraw all their troops at an early date, they will be able to extricate themselves from the economic difficulties in the country and their isolated condition in the world. It is also conducive to peace and stability in Indochina and Southeast Asia.

The economic difficulties of developing countries are an issue meriting particular attention in the world economy today. It concerns not only the South but also the North. A rational solution of this issue is a matter of great urgency. For the common development and prosperity of all countries in the world, it is necessary to continuously and gradually establish a new international economic order of equality and mutual benefit through the joint efforts of both the North and the South.

The world belongs to the peoples of all countries in the world. In the forthcoming year of 1989, together with the peoples of all countries, the Chinese people are ready to strive for the establishment of a new international political and economic order.

U.S. Stand, UN Debate on Palestine Viewed
*OW1912003788 Beijing in English to North America
0300 GMT 11 Nov 88*

[Commentary by Wang Zuozhou]

[Text] The United Nations has ended 3 days of debate on the Palestinian issue. The convening of the session has been widely regarded as a positive step toward peace in the Middle East. Radio Beijing's correspondent Wang Zuozhou attended the session and sent this commentary. It is read from the studio by Fang Ling.

The (?session) was originally scheduled for UN Headquarters in New York, but since the United States [word indistinct] refused to allow the chairman of the Palestine Liberation Organization, Yasir 'Arafat, to travel to the United States, the United States [as heard] voted to move it to Geneva. It was an unprecedented step in the history of the United Nations.

And many representatives have pointed out that the move itself is an expression of the international community's strong desire for a fair solution to the Palestinian question. The debate took place in a changing international situation and against the background of emerging opportunities for peace in the Middle East.

The world is seeing a general relaxation of tension and many regional conflicts appear to be moving towards peaceful settlement. Under such circumstances, a solution to the Palestinian issue has become more urgent. Many UN member-states believe the trend towards better international relations can continue only if the Palestinian question is resolved soon.

The momentum for peace has also affected the Middle East. At the UN session in Geneva, PLO Chairman Yasir 'Arafat put forward a three-point proposal reaffirming his organization's commitment to the relevant UN resolutions and formally recognizing Israel's right to exist. His proposal won widespread support. It is widely believed that the PLO's proposal provides a good foundation for a fair solution to the problem. Some UN members have called on Israel not to miss the opportunity but show some reciprocal moves. After the special session, the United Nations passed a resolution which gave recognition of the independent Palestinian state and Palestinians' right to exercise sovereignty over the territory occupied by Israel since the 1967 war. The resolutions also call for the convening of a UN-sponsored international conference on Middle East peace. Under pressure from the international community, the United States also retreated from its stubborn position of no contact with the PLO.

Just before the end of the debate, Washington announced that it would begin direct talks with the Palestine Liberation Organization. However, the road toward a fair solution of the Palestinian issue is still strewn with difficulties. On the one hand, it remains to be seen if the United States will take concrete steps along the road of dialogue as it has promised. On the other, it still will not budge from its attitude of no contact with the PLO. It seems that the international community has to make more effort before it will see a fair and final solution to the Middle East conflicts.

Qi Huaiyuan, Others on Middle East Situation
OW1712011388 Beijing XINHUA in English 0639
GMT 15 Dec 88

[Text] Geneva, December 14 (XINHUA)—The United Nations General Assembly met here for the second day Wednesday to continue debate on the question of Palestine.

Most speakers expressed the view that the decisions taken by the Palestine National Council (PNC) had provided a real opportunity for a breakthrough in the stalled Middle East peace process.

Budimir Loncar, federal secretary for foreign affairs of Yugoslavia, said the PNC decisions represented a turning point in the process of resolving the Middle East crisis and the Palestinian question.

He called upon the international community to look for ways of contributing effectively to a solution of the question.

Nathan Shamuyarira, foreign minister of Zimbabwe, speaking on behalf of the Nonaligned Movement, said the decisions adopted by the PNC in Algiers last month had created a new atmosphere for the revival of the stalled Middle East peace process.

Hailing the declaration of the Palestinian state by the PCN, Shamuyarira said that the establishment of a sovereign independent state was an inalienable right of the Palestinian people.

Mourin Bahdon Farah, minister for foreign affairs and cooperation of Djibouti, urged all member states of the United nations to convene, without delay, an international peace conference on the Middle East.

Qi Huaiyuan, deputy foreign minister of China, said that the key to the settlement of the Middle East problem "lies in ensuring that the Palestinian people exercise their legitimate national rights."

Ambassador Vernon Walters, the United States permanent representative to the United Nations, said that accommodations and reconciliation between Israelis and Palestinians would encourage a successful peace process in the Middle East.

He called upon Israel to accommodate legitimate Palestinian political moves and he also urged Palestinians to accommodate the reality of Israel's existence and security needs, and to negotiate with Israel.

However, Walters neither mentioned the Palestine Liberation Organization (PLO) by name nor responded to the peace initiative announced by PLO Chairman Yasir 'Arafat in his speech to the General Assembly Tuesday.

The General Assembly will continue the debate Thursday and a number of resolutions are to be voted on before the closing of the debate late in the afternoon.

Commentary on Middle East Peace Talks
HK1612151288 Beijing RENMIN RIBAO in Chinese
13 Dec 88 p 6

[“Commentary” by RENMIN RIBAO reporter Lin Jiaoming (2651 4109 2494): “Knocking at the Door of the Middle East Peace Talks”]

[Text] Cairo, 12 Dec (RENMIN RIBAO)—The momentum of the Middle East peace talks has fluctuated over the past 10 years, and the peace talks have been suffering twists and turns. Today, due to the continuous efforts of the Arab side and international society, negotiations on the Palestinian question have finally been put on the agenda. The plan for solving the Palestinian question and new ideas and suggestions regarding the path for achieving

peace in the Middle East will be put forward in the UN General Assembly, which is to be held in Geneva on 13 December to discuss the Palestinian question. If no serious, sudden change or abrupt turn occurs, the door of the Middle East peace talks, which has been closed for a long period of time, will be opened with difficulty.

The U.S. Government placed innumerable obstacles in the way of the setting of the agenda for the current UN debate on the Palestinian question. However, the just stand of international society has finally won a victory. The decision of the United Nations on changing the venue indicated that the PLO's position of choosing the path of peace talks is generally affirmed and welcomed internationally. The peace offensive launched by the Arab states has achieved preliminary results.

The situation of the Middle East disputes to be faced by the UN General Assembly in Geneva has a bright side; but at the same time, uncertain factors also exist. However, in view of the general situation and comparing it with any period in the past, it would be more practical and likely that the Middle East peace talks start soon.

The Arab side, particularly the PLO, is sincerely requesting the settlement of the Arab-Israeli dispute through peaceful negotiations. All members of international society who do not have political prejudices welcome the new resolution passed by the 19th special meeting of the Palestine National Council and support its attitude toward and its acceptance of UN Security Council Resolutions 242 and 338 and its solemn and just stand against terrorism.

According to the information that has been released, PLO Executive Committee Chairman Yasir 'Arafat will restate this policy, which has been agreed on by organizations of various Palestinian factions, in the Geneva UN General Assembly. The PLO recognizes the existence of Israel and the principle of fixing the border of the Palestinian state at the West Bank of the Jordan River and the Gaza Strip and will use clearer and more definite words to fix the legal rights of the Palestinian people at the international forum. On this foundation, the PLO requests that the United Nations recognize the Palestinian state, which was declared established on 15 November in Algiers, on the basis of Resolution 181, which is the "separate administration resolution" for establishing separately a Jewish state and a Palestinian state in the Palestine region; to convene as early as possible an international conference on Middle East peace, which is to be presided over by the five permanent state members of the UN Security Council; to put the West Bank and the Gaza Strip under international protection for a period of 6 months to 1 and ½ years, after which a referendum will be held. These three important points correspond to the proposal jointly drafted by the Arab states, which are trying their best to get this passed by the coming UN General Assembly. It is estimated that the UN members, who have announced their recognition of the Palestinian state, will support any related proposals.

At present, West European countries still have not recognized the Palestinian state. However, the attitude expressed at the EEC foreign ministers meeting held not long ago toward the new decision of the PLO is doubtlessly a positive one. France, Italy, Greece, and other countries' positive attitude toward the promoting of Middle East peace talks is even more obvious. West European countries feel a sense of urgency about solving the Middle East question. On the disturbance over the change of venue for the UN General Assembly, they took an unprecedented opposite stand to that of the United States.

At present, the only obstacle to solving the problems is the United States. The U.S. Government has turned a somersault on the question of issuing a visa to 'Arafat. President Ronald Reagan smoothed things over in his speech delivered on 9 December. He said that if 'Arafat "can frankly and clearly recognize the authority of Israel as a state," he can talk with 'Arafat. People have, of course, noticed that when Chairman 'Arafat held talks with five U.S. Jewish organization leaders on 7 December in Stockholm, Sweden, he clearly said that the PLO "accepts the existence of Israel in the Middle East as a state." Swedish Foreign Minister Sten Andersson praised the making known of the PLO's stand this time as "a historical turning point," and said that a "breakthrough in the course of achieving peace in the Middle East has been obtained." U.S. Assistant Secretary for Near Eastern and South Asian Affairs Richard Murphy spread the news that if new progress is obtained from 'Arafat's speech to the Geneva UN General Assembly, it would be beneficial to "resume the course of peace." Then, what are the questionable points at present? Should Chairman 'Arafat explain in a clearer way? Or should the next U.S. Government formulate a clearer Middle East policy?

Israel seems to be the only stubborn country about this issue. However, internally it also has differences on the stand toward Middle East peace talks—some people support this stand while others object to it. Before a new Israeli government is formed, people will not extravagantly hope that it will change its stand. However, both the Arab and the Israeli sides have equal opportunities to achieve peace in the Middle East. If the Israeli leaders are still out of touch with the realities when the conditions and situation for holding peace negotiations are ripe, there certainly will be a gap between Israel and peace.

Changes in U.S. Middle East Policy Viewed
HK1712090688 Beijing RENMIN RIBAO in Chinese
16 Dec 88 p 6

[Commentary by RENMIN RIBAO reporter Zhang Qixin (1728 0796 2500) and Cang Lide (0221 4539 1795): "Changes in U.S. Middle East Policy"]

[Text] Washington, 14 Dec—In the space of 1 day, marked changes have taken place in the U.S. attitude regarding whether or not it should hold dialogues with the PLO. Last night, a U.S. State Department spokesman still stated that

the United States could not hold dialogues with the PLO. Tonight, however, in a news conference held at the State Department, Secretary of State George Shultz announced that, in view of the fact that the PLO had accepted the U.S. conditions, the United States was prepared to hold "substantive dialogues" with the PLO. He also appointed the U.S. ambassador to Tunisia as an official channel for the authorized dialogues. This is the first time the U.S. Government has agreed to have official contracts with the PLO and, therefore, it has drawn the widespread attention of public opinion here, which holds that this represents "a major change in the U.S. Middle East policy."

This new posture on the part of the United States has been the result of a series of events in recent days. After Yasir 'Arafat delivered a speech on 13 December at the UN General Assembly, which was moved to Geneva, and put forward a three-point peace proposal for solving the Middle East issue, the U.S. media pointed out that "the PLO has given us reasons to believe that it genuinely wants peace" and that it is time for the United States to make clear this point to its ally Israel. However, the U.S. Government was still indifferent in its statement, saying that despite the positive contents in 'Arafat's speech, his "ambiguous words" on critical issues could not meet the three conditions put forward by the United States, namely, accepting the Security Council resolutions 242 and 338, recognizing Israel's right to existence, and giving up terrorism, and therefore the United States refused to have contacts with the PLO. It is reported that, through the diplomatic mediation of the relevant countries, 'Arafat thereupon issued another statement in Geneva, explicitly reaffirming the PLO's position on the three issues regarding the Security Council resolutions, Israel, and terrorism. Against this background, after emergency studies, the U.S. Government eventually walked out of the original forbidden zone and made the decision to hold dialogues with the PLO.

The Middle East issue is a major difficult problem in the U.S. foreign policy and its policy stand has always been unacceptable to all parties in the Arab-Israeli conflict. Since the PLO held a special meeting of the National Executive Council in Algeria in November of this year and announced the founding of a Palestinian state, a new favorable turn has emerged in the peace talk situation in the Middle East. The PLO has made tremendous diplomatic efforts for the solution of the Arab-Israeli conflict and received widespread favorable comments from the international community. West European countries were also relieved at this and called on all parties to take advantage of this opportunity to make positive contributions to the just, comprehensive, and lasting solution of the Middle East issue. However, the U.S. side was late in taking actions. Some time ago, it even refused to grant a visa to 'Arafat to attend the UN General Assembly in New York and thus found itself isolated in the international community. But the situation was so pressing that the U.S. Government could not but change its position. In a statement tonight, President Reagan said that he had authorized the secretary of state to make this move

and that President-elect George Bush also approved this decision. He also said that the U.S.-PLO dialogue marked an important step in the peace process.

However, people note that the U.S.-PLO dialogue is only a small step forward along the arduous road. Viewed from the current U.S. Government statements, there are still no substantive changes in the original U.S. position. Shultz said: The U.S. decision to hold dialogues does not mean any changes in the U.S. policy, which favors "direct talks" among the relevant parties. He stressed that the United States continued to undertake responsibility for Israel's security and that the United States did not recognize an independent Palestinian state. The reaction of the Israeli Government was even tougher. In an interview with American television stations, the Israeli ambassador to Washington openly expressed "regret" for the U.S. decision to have contacts with the PLO, asserting that "this action on the part of the United States will not advance the peace process in the Middle East." THE WASHINGTON POST also pointed out: The U.S. decision will certainly arouse strong objections on the part of the Jewish lobby and Israel's supporters in Congress and will lead to debates on the Bush administration's major foreign policy issues. Although the U.S. Government's announcement to hold dialogues with the PLO is well received by the press circles, the solution of the Middle East issue will still be a difficult process.

Commentary Notes Developing U.S. Mideast Stance
HK1712082188 Beijing RENMIN RIBAO in Chinese
16 Dec 88 p 6

[Commentary by RENMIN RIBAO reporter Lin Jiaoming (2651 4109 2494): "The Solid Ice Begins To Melt"]

[Text] Cairo, 15 Dec—Winter is setting in in Washington, and the solid ice, the U.S. Middle East policy, is beginning to melt.

This morning, U.S. President Reagan suddenly announced that the U.S. Government will engage in direct dialogue with the PLO. The United States has long refused to engage in direct public dialogue with the PLO. Then it made this decision. This is an important change in its Middle East policy and will undoubtedly help bring about an international conference or settling the Palestinian issue under UN auspices and help bring about peace in the Middle East at an early date.

This change in the U.S. Middle East policy took place after 'Arafat, executive chairman of the PLO, delivered a speech at the UN General Assembly in Geneva on the 13th and, in particular, after Chairman 'Arafat delivered an important speech at a news conference yesterday. In no uncertain terms PLO Chairman 'Arafat announced to the world that the PLO is firmly against all forms of terrorism, that it recognizes the right of the conflicting parties in the Middle East to exist in peace, and that it unconditionally endorses UN Security Council Resolutions 242 and 338 as the basis for Middle East peace talks. The U.S. Government has

concluded that the PLO has satisfied the three conditions it put forward for direct U.S.-PLO talks. The speech delivered by Chairman 'Arafat at the UN General Assembly in Geneva the day before yesterday was enough to show his sincerity. Now, the U.S. Government has agreed to engage in dialogue with the PLO. It is not too late and this is something good.

Dialogue is better than confrontation.

Under increasing pressure from public opinion for peace, the United States has at last agreed to unblock the channels through which dialogue with the PLO can be conducted. Actually, this also helps it get around its promise to Israel in the mid-1970's that it will not engage in dialogue with the PLO and makes it easier for the Bush administration to formulate a new Middle East policy. The Middle East plan introduced by Reagan in 1982 has been widely criticized, and the plan formulated by Shultz after shuttling back and forth for 6 years has also met with rebuffs. One of their fatal weaknesses is their attempt to ignore the existence of the PLO and to disregard its representativeness and role. As a result, the United States was never able to escape from a blind alley. In recent years, the United States has tried several times to do something. However, all its attempts have failed because it has stuck to its outmoded principle of not contacting the PLO.

The world is changing. People have been looking forward to the time when the global trend toward relaxation can make inroads into the still turbulent Middle East. The U.S. Government should not have failed to notice, from the Middle East situation in the second half of this year, the impact of the Arab countries' and the PLO's calls for the settlement of the Middle East issue through negotiations. Public opinion in the international community holds that Chairman 'Arafat "has done his utmost" to show his sincerity regarding holding peace talks. Now, it is time the United States and Israel responded. It seems that the consequences of Secretary of State Shultz' refusal to issue an entry visa to 'Arafat have already dealt a heavy blow to the White House, thus forcing the Reagan administration to make a sensible decision and do something to make up for the damage caused before its replacement by a new administration.

Of course, U.S.-PLO dialogue is nothing more than a good omen as far as Middle East peace talks are concerned. It does not imply that the U.S. Government has started its comprehensive revision of its Middle East policy. In addition, Israel is still trying to obstruct all this. People will not naively believe that from this point on, the road leading to Middle East peace will be very smooth.

The UN General Assembly debate in Geneva on the Palestinian issue is still going on. Chairman 'Arafat's three-point proposal on peace in the Middle East has

drawn enthusiastic responses from all over the world. It is now time the conflicting parties in the Middle East, mainly the Palestinian state and Israel, took their seats at the conference table.

United States & Canada

Column Views New Trends in Sino-U.S. Relations
HK1812013088 Hong Kong HSIN WAN PAO
in Chinese 17 Dec 88 p 1

[("New Talk" Column: "Bush Will Find New Ways To Promote Sino-U.S. Relations")]

[Text] Yesterday, Chinese Foreign Minister Qian Qichen gave a reception to mark the 10th anniversary of the establishment of Sino-U.S. diplomatic relations. At the beginning of this month, he went to the Soviet Union to hold talks with the Soviet foreign minister on the Cambodian issue and meet Soviet leader Gorbachev and discuss with him preparations for next year's Sino-Soviet summit. Relations with both the United States and the Soviet Union have developed simultaneously. This is a new development in China contemporary foreign relations.

Both Chinese and U.S. leaders attach great importance to the 10th anniversary of the establishment of Sino-U.S. diplomatic relations and have organized some activities for it. First, Premier of State Council Li Peng and the U.S. President exchanged congratulatory telegrams. Second, leaders of the two countries met each other's ambassadors. Chinese State President Yang Shangkun met U.S. Ambassador to China Lord, whereas Reagan met Chinese Ambassador to the United States Han Xu in the presence of Bush, the incumbent vice president. This was followed by the receptions given by Chinese Foreign Minister Qian Qichen and U.S. Secretary of State Shultz to mark the occasion.

To make the atmosphere still more festive, a Sino-U.S. shipping agreement, the purpose of which is to stimulate the development of the economic relations between the two countries, was also signed at this point. By this agreement, U.S. freighters are free to call at 40 Chinese ports, and Chinese freighters free to call at all U.S. ports (except the 12 ports specified in the agreement).

The two congratulatory telegrams and the four speeches delivered share some common contents. First, thanks to the unremitting efforts of the governments and peoples of the two countries, Sino-U.S. relations, including exchanges and cooperation in many fields, have developed notably. Second, the friendly intercourse between China and the United States insures broad prospects for the relationship between the two countries in addition to contributing to peace and stability in the Asia-Pacific region and the world. And third, the two countries will continue to work hard toward the further development of their relations on the basis of the three Sino-U.S. joint communiques.

Although there is no mention of the Taiwan issues in these documents, the issue is actually implied and touched on in a very subtle manner. In their speeches, both Qian Qichen and Shultz took one step forward and mentioned this issue.

Qian Qichen said: The Taiwan issue still remains an important factor affecting the stability of Sino-U.S. relations. Recently, relaxation trends have emerged between the two sides of the Taiwan Strait. He hoped that the United States will adhere to the principle of "one China only" and do something to bring about "contacts in three areas" between the two sides, to facilitate China's peaceful reunification, to facilitate the development of Sino-U.S. relations, and to strengthen the friendship between their peoples.

Shultz specially reiterated what he said in Shanghai in March last year. He said: The United States' unflinching policy is to seek an environment in which the peaceful development of the relations between two sides on the Taiwan Strait will continue to peacefully develop in the absence of interference from without.

The ZHONGGUO XINWEN SHE reporter in Washington who reported on the speech by Shultz maintained that this is an important message Shultz imparted to those who are skeptical about this policy of the United States.

On the occasion of the 10th anniversary of the establishment of Sino-U.S. relations, several Taiwan papers also devoted much space to discussing Sino-U.S. relations and the situation in which Taiwan finds itself and published headlines like "White House Reiterates China Policy Remains Unchanged" in boldface. In the speech he delivered during yesterday's reception, Shultz said he deeply believed that after taking office, Bush would be able to find new ways to advance the development of Sino-U.S. relations. This should arouse even more attention.

Chinese Foreign Minister Qian Qichen has published an article entitled "A Year in Which the International Situation Has Improved Notably" in today's RENMIN RIBAO, OVERSEAS EDITION. Commenting on Sino-U.S. and Sino-Soviet relations, he suggests that China develop its relations with these two countries on the basis of the five principles of peaceful coexistence. China is on the one hand marking the 10th anniversary of the establishment of Sino-U.S. relations while making preparations for the next 10 years and, on the other, making other preparations for a summit with the Soviet Union, which has not been held for a whole generation. Of course, these gestures also represent an important message.

Shultz on 'Practical Achievements' in Relations
OW1612121188 Beijing XINHUA in English
0811 GMT 16 Dec 88

[Text] Washington, December 15 (XINHUA)—On the occasion of the 10th anniversary of the establishment of Sino-U.S. diplomatic relations, U.S. Secretary of State

George Shultz said in his toast during a grand reception given by him at the State Department that there are many opportunities in the future for the two countries.

Shultz said, "Ten years ago, in the joint communique on the establishment of diplomatic relations, our leaders asserted that normalization of relations between the two countries is not only in the interest of the Chinese and American peoples, but also contributes to the cause of peace in Asia and the world.

"Tonight, we can truly say that these words were more than diplomatic politeness, more than hopes beyond realization. Their promise has been confirmed by practical achievements."

"The process of normalizing Sino-American relations helped to launch a worldwide trend of greater reliance on political means to resolve serious international differences," he said. "Today, from Afghanistan to Angola, we see a quickening of efforts to move away from force of arms toward the negotiated settlement of disputes."

"Around the world," he continued, "in country after country, we see nations decentralizing their economies, opening up to international commerce and increasing the role of market forces. The reforms in China embarked upon ten years ago under Deng Xiaoping's farsighted leadership have fostered a decade of impressive domestic growth and a remarkable expansion of U.S.-China trade. Thus, in the economic sphere as well, China has been a pace-setter."

The U.S. secretary of state added that "the fabric of Sino-American relations in the 1980s has become ever more richly and closely woven" and that "our continuing dialogue, and the improved mutual understanding that has resulted from these regular exchanges has helped us make progress toward restoring peace in troubled areas such as Afghanistan and Cambodia."

Shultz said, "I have no doubt that President-elect Bush, who knows China well from his service in the 1970s as chief of the U.S. Liaison Office in Beijing, will find new ways to advance the two countries' relationship."

"In the years ahead, we see many opportunities for the United States and China to work together for peace, to ensure that regional conflicts do not dangerously escalate, and to foster the expansion of the global trading system", he said.

Speaking in turn, Chinese Ambassador to the U.S. Han Xu said in his toast that the smooth growth of China-US relations meets the best interest of both the two countries and peoples."

Around 200 people attended the reception. Among them were U.S. Secretary of Defense Frank Carlucci, Secretary of Transportation Jim Burnley, former Secretary of State

Alexander Haig, former Secretary of Defense Caspar Weinberger, high-ranking State Department officials and many distinguished scholars and scientists.

Chinese Communications Minister Qian Yongchang, who came here to sign a Sino-American maritime transportation agreement earlier today, also attended the reception along with diplomats from the Chinese Embassy.

Discusses Ties, Taiwan
HK1712025688 Beijing ZHONGGUO XINWEN SHE
in Chinese 1045 GMT 16 Dec 88

[Report by Xie Yining (6200 0001 1337): "Shultz Reiterates That the United States Will Promote the Continued Development of the Relations Between the Two Sides on the Taiwan Strait"—ZHONGGUO XINWEN SHE headline]

[Text] Washington, 15 Dec (ZHONGGUO XINWEN SHE)—This evening, on the occasion of the 10th anniversary of the establishment of Sino-U.S. relations, U.S. Secretary of State Shultz reiterated the controversial [yin qi zheng lun de 1714 6386 3630 6158 4104] remarks he made in Shanghai last year. He said: In the 21 months since my Shanghai remarks, we have seen the continued development of nongovernmental intercourse, travels, and economic relations across the Taiwan Strait. The United States welcomes these developments, because they are consistent with U.S. interest in relaxing the tension existing between the two sides on the Taiwan Strait and in enhancing their mutual understanding.

Shultz conveyed a message to the people who are skeptical about this policy of the United States. He said: This U.S. attitude is unambiguous. I hope that no one will misunderstand it. As I said in Shanghai, the United States' unflinching policy is to seek an environment in which the process of the peaceful development of the relations between the two sides will continue in the absence of external interference.

Shultz conveyed this important message at the reception he gave to mark the 10th anniversary of the establishment of Sino-U.S. diplomatic relations. In his speech, he spoke highly of the three Sino-U.S. joint communiques, indicating that the United States will continue to firmly implement the principle of recognizing only China with Taiwan as part of it. He said: President-elect Bush, who knows China well from his service as chief of the U.S. Liaison Office in China, will find new ways to advance the development of Sino-U.S. relations.

Shultz spoke highly of the positive role played by the friendly relations between China and the United States in world affairs. He said: The 1972 Shanghai Communique foretold the arrival of a major turning point in world affairs, and the normalization of Sino-U.S. relations has contributed much to the global trend toward the settlement of serious international disputes by political means.

Shultz said that 10 years ago, in the Sino-U.S. joint communique on the establishment of Sino-U.S. diplomatic relations, our leaders asserted: The normalization of the relations between the two countries is not only in the interest of the Chinese and American peoples, but will also contribute to the cause of peace in Asia and the world. Tonight, we can truly say that these words were more than diplomatic rhetoric or hopes. They have been confirmed by facts.

He said: We must in particular speak highly of the "August 17" communique issued in 1982, which reiterates the basic principles guiding the development of the relations between the two countries. The United States will keep the promises made therein.

Shultz praised the Reagan administration for giving priority to the development of Sino-U.S. relations and expanding the scope of the cooperation between the two countries and their peoples.

In his speech, Chinese Ambassador to the United States Han Xu also spoke highly of the three Sino-U.S. joint communiqes and of the positive role played by the friendly relations between the two countries in promoting world peace and prosperity. He expressed his satisfaction with the development of Sino-U.S. relations over the past decade, being confident that these relations will further develop in the next 10 years.

National Security Advisor Powell, U.S. Secretary of Defense Carlucci, senior Senator Lugar, former U.S. Secretary of State Haig, former U.S. Secretaries of Defense Weinberger and Brown, former U.S. Ambassadors to China Woodcock and Hummel, and about 300 celebrities who have contributed to the development of Sino-U.S. relations were present at the reception in the U.S. Department of State.

Foreign Minister Hosts Anniversary Reception
OW1612130788 Beijing Domestic Service in Mandarin
1030 GMT 16 Dec 88

[From the "National Hookup" program]

[Text] Chinese Foreign Minister Qian Qichen hosted a reception at the Great Hall of the People this evening to celebrate the 10th anniversary of the establishment of diplomatic relations between the PRC and the United States of America.

Wu Xueqian, Qin Jiwei, Huang Hua, Huang Zhen, Rong Yiren, and Zhou Peiyuan were present at the reception.

U.S. Ambassador to China Lord and staff members from the U.S. Embassy also attended the reception on invitation.

More on Qian Qichen Reception
*OW1712085888 Beijing Television Service
in Mandarin 1400 GMT 16 Dec 88*

[Text] The relations between China and the United States took a historical turn 10 years ago when diplomatic ties were formally established between the two countries. A celebration reception was hosted by Foreign Minister Qian Qichen at the Great Hall of the People this evening.

After reviewing the exchanges and cooperation between China and the United States in various fields and the remarkable progress made in the exchanges and cooperation in the past 10 years, Qian Qichen said: Historical experience has proved that difficulties and obstacles will be surmounted and the relations between China and the United States, despite their differences in social system and ideology, will continue to develop steadily as long as the two sides conform to the historical trend of peace and development and scrupulously abide by the three Sino-American joint communiquees.

Qian Qichen pointed out: The Taiwan question remains the major factor affecting the stability of the relations between China and the United States. Tension between the two sides of the Taiwan Strait has eased lately, and the interchanges between the people on the two sides have become increasingly frequent. The reunification of the motherland conforms to the historical trend and the wish of the Chinese people. We hope the American side will adhere to the one China principle and do something for the establishment of postal, trade, and navigational ties between the two sides of the Taiwan Strait and then for peaceful reunification.

In his speech, Ambassador Lord first conveyed President Reagan's congratulations. After reviewing development of the relations between China and the United States, he said: Let us celebrate the achievements we have already made and hope for the future.

Later, a literary and art soiree was held by the Chinese People's Association for Friendship With Foreign Countries and the China-U.S. People's Friendship Association. In a speech at the soiree, Zhang Wenjin said the two associations always endeavor to promote the friendly exchanges and mutual understanding between the two peoples of China and the United States. He expressed his hope that the associations will make unremitting efforts to further promote the relations between China and the United States and the friendship between the two peoples.

Wu Xueqian, Lord, and others watched the exquisite performances presented at the soiree.

XINHUA on Qian, Lord Remarks
*OW1812085788 Beijing XINHUA in English
1505 GMT 16 Dec 88*

[Text] Beijing, December 16 (XINHUA)—Chinese Foreign Minister Qian Qichen held a reception to mark the 10th anniversary of the establishment of Sino-U.S. diplomatic relations at the Great Hall of the People here tonight.

In his speech, Qian said that the establishment of diplomatic relations between the People's Republic of China and the United States of America ten years ago was a big event of extensive impact on and far-reaching significance to the contemporary international relations. It represented a historic turn in the two countries' bilateral relations. In the past decade, profound changes [words indistinct] relations and marked progress made in their exchange and cooperation in many fields.

The Chinese foreign minister extended heartfelt thanks and high respects to the Chinese and the U.S. leaders and people from all walks of life whose constructive efforts had made possible the establishment and development of Sino-U.S. relations.

He said that despite some twists and turns and ups and downs, the Sino-U.S. relations has been on a forward trend. China and the United States can develop their relations on a stable basis while constantly surmounting difficulties and obstacles as long as the two sides go with the historical trend of peace and development and act strictly in accordance with the three Sino-U.S. joint communiquees.

He stressed that "our two countries should, in accordance with the spirit of the 'Shanghai Communique', continue to take as the fundamental principles guiding our bilateral relations the five principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence".

The Chinese foreign minister said that "We should make further efforts to give play to the positive factors in our bilateral relations and remove the obstacles in the way of developing these relations. The Taiwan question remains a major factor affecting their steady development".

Qian also said that at a time of changing international situation, both China and the United States should strengthen their consultations, keep each other informed and enhance mutual understandings so as to continue to contribute to world peace, economic prosperity and progress of mankind.

In his speech, U.S. Ambassador to China Winston Lord reviewed the development of U.S.-China relations in the past decade. He said: "Our governments still grasp the goals set forth in the Shanghai Communique, and resolve that our own relations serve our cause in peace in Asia and the world".

(?Present) on occasion were Vice-Premier Wu Xueqian, State Councillor and Minister of Defense Qin Jiwei and other distinguished guests of the two sides.

U.S. Ambassador Hosts Anniversary Reception
OW1712092688 Beijing XINHUA in English
0850 GMT 17 Dec 88

[Text] Beijing, December 17 (XINHUA)—U.S. Ambassador to China Winston Lord today invited more than 1,000 Chinese to a grand reception held at the Great Wall Sheraton Hotel to mark the 10th anniversary of the normalization of Sino-American diplomatic relations.

The only food for the reception was 36,000 jiaozi (Chinese dumplings). It took the whole U.S. Embassy staff 10 days to prepare them, according to embassy officials.

Lord said the idea of giving his guests jiaozi came from the old Beijing custom of using jiaozi to celebrate a happy occasion.

The entertainment at the reception was 3,000 slides shown on nine screens in the Hotel's Banquet Hall, reviewing the past decade of the Sino-American relations. The slide-show also served to introduce American history and customs to the guests.

Lord said his wife Betty told him that "a picture is worth a thousand words." He said in his reception speech that 3,000 slides would save him a lot of words.

The ambassador said he hoped the reception will help his guests to remember the past decade of Sino-American relations.

Chinese Foreign Economic Relations and Trade Minister Zheng Tuobin, on behalf of the Chinese guests, expressed his thanks to Lord and to the U.S. Embassy staff for their effort in making the jiaozi.

He said he hopes Sino-American relations, based on the three joint communiquees the two countries issued, will continue to have a long-term, stable development.

He said this will benefit the economic prosperity of both countries and the happiness of their peoples, and make even greater contributions to world peace and stability.

The reception ended with a ping pong exhibition by Chinese world champions.

Introducing the finale, Lord said "Let's end where we began."

He added that the principle of ping pong is "friendship first. Friendship second. Friendship most of all."

Soiree To Mark Sino-U.S. Ties Held 16 Dec
OW1712045788 Beijing XINHUA in English
1516 GMT 16 Sep 88

[Text] Beijing, December 16 (XINHUA)—The 10th anniversary of the establishment of diplomatic relations between China and the United States was celebrated at a soiree here tonight.

Speaking at the soiree which was sponsored by the Chinese People's Association for Friendship With Foreign Countries (CPAFFC) and the China-U.S. People's Friendship Association, President of the CPAFFC Zhang Wenjin said the establishment of diplomatic relations between the two countries has not only opened a new chapter in the annals of Sino-U.S. relations, but also had important and far-reaching impact on the development of the situation in the whole world.

During the past 10 years, he said, marked progress has been made in the Sino-U.S. relations, with bilateral exchanges and cooperation in various fields expanded continually and mutual understanding and friendship between the peoples of the two countries increased steadily.

These achievements are made through the efforts of the Chinese and U.S. Governments and peoples, Zhang added.

He said, "The CPAFFC and the China-U.S. People's Friendship Association have always worked for the promotion of the friendly exchanges and mutual understanding between the Chinese and American peoples. In future, we will continue to forge ahead and work together with the people from various circles in both countries to expand the Sino-U.S. relations and enhance the friendship between the two peoples."

Among those present at the soiree were Chinese Vice-Premier Wu Xuqian, State Councillor and National Defense Minister Qin Jiwei, and Foreign Minister Qian Qichen.

Also present were U.S. Ambassador to China Winston Lord, diplomats of the U.S. embassy and American residents here.

Beijing artists presented songs, dances and instrumental music at the soiree.

Friendship Group President on Ties With U.S.
OW1612202188 Beijing XINHUA in English
1035 GMT 16 Dec 88

[Text] Beijing, December 16 (XINHUA)—Sino-U.S. diplomatic relations, established 10 years ago, not only opened up broad prospects for exchanges and cooperation in various fields between the two countries but also brought about a great impact on the world situation, an article in today's PEOPLE'S DAILY said.

Zhang Wenjin, president of the Chinese People's Association for Friendship With Foreign Countries and former Chinese ambassador to the United States, listed three points in his review of the past decade of Sino-American diplomatic relations.

First, the normalization of the diplomatic relations between the two countries was a choice according with the fundamental interests and aspirations of the two peoples.

Zhang said such a choice, and its continuous development, have been favorable to the peace and stability of the Asian-Pacific region and the world.

Second, the five principles of peaceful coexistence are the basis of Sino-American relations. The past decade has proved that whenever the two countries adhered to the five principles, their relations developed smoothly. Otherwise, their relations were harmed.

Zhang said, "Now the world needs a new political order as hegemonism has been cast aside and group politics is out of date. The new international political order can only be based on the five principles."

Third, the proper handling of the Taiwan issue is the key to the healthy development of Sino-American relations. Although the United States has shown its willingness and made efforts to solve the issue, its "Taiwan Relations Act" [word indistinct] two countries' relations.

Zhang said the friendly and cooperative relations between the two countries will further develop if the Taiwan issue is solved properly in the spirit of the three joint communique signed by the Chinese and U.S. Governments.

Concluding his article, Zhang said the next decade of Sino-American relations is beginning at a time when a new president of the United States is about to take office.

Zhang said George Bush is an old friend of the Chinese people. He expressed his belief that, in a future full of opportunities and challenges, the Chinese Government and the Bush administration will make joint efforts to achieve still greater development in the two countries' stable relations.

Sino-U.S. Relations Hailed in New York
OWI712094888 Beijing XINHUA in English
0820 GMT 17 Dec 88

[Text] New York, December 16 (XINHUA)—Chinese Permanent Representative to the United Nations Li Luye and former U.S. Secretary of State Dr. Henry Kissinger today hailed Sino-U.S. relations as "in the fundamental interests of the Chinese and American peoples."

They made the remarks at a dinner given by Ambassador Li and Chinese Consul General in New York Tang Xingbo at the Chinese Consulate General to mark the 10th anniversary of the establishment of Sino-U.S. diplomatic relations.

Ambassador Li said that during the past decade, Sino-U.S. Relations have greatly extended their frontiers to political, economic, trade, investment, science, technology, culture, education and many more fields.

The mutual understanding between the two countries and two peoples has increased substantially, he said.

Meanwhile, he noted that their differences in historical background and present situation have led to differing views and perspectives between the two sides and there have even been moments of serious disputes.

However, he said, "Since we realize furthering Sino-U.S. Friendship and cooperation serves the national interests of both countries," we have made it a long-term and major policy decision rather than a short-term expediency.

He called for concerted efforts to push Sino-U.S. Relations to a new high.

Dr. Kissinger, who helped reopen the relations between the two countries, said that four U.S. Administrations of two different parties had followed the same policy toward China.

He said in developing such relations, each country wanted something from the other, that is, fundamentally speaking, stability in Asia and peace in the world.

Referring to the saying of playing the "China card" against others, he [words indistinct] was a superficial way of looking at the U.S.-China relations.

Commenting on the expected Sino-Soviet summit next year, he said there will be all kinds of speculations in the United States about what it may be to the long-term U.S.-Chinese relations. He said he felt relaxed, because he believed that China cannot stand aloof from the international current, and the basic principle that no nation should dominate the world will not be abandoned.

"The least likely nations to be seduced by personality is China," he said. "I'm relaxed. ... Our relationship will continue," he added.

Also speaking at the dinner were [words indistinct] A. Townsend and representatives of the governors of New York and New Jersey who read messages of congratulations from the two governors.

Meanwhile, Chinese Premier Li Peng's message to U.S. President Ronald Reagan was also read out.

Economist Views Expanding U.S. Financial Ties
OW1712194688 Beijing XINHUA in English
1538 GMT 17 Dec 88

[Text] Beijing, December 17 (XINHUA)—Ties are growing between Chinese and U.S. financial institutions, but there is still a great potential yet to be tapped, a noted Chinese economist said today.

Wu Nianlu, director of the Institute of International Financial Studies under the Bank of China, said that China has established business relations with 120 U.S. commercial banks and more than 10 investment banks.

The Bank of China has set up branches in New York and Los Angeles. Other Chinese financial institutions have also established agencies in the United States. U.S. banks, for their part, have set up agencies in major cities including Qingdao, Shanghai, Guangzhou and Shenzhen.

Wu said: "These American banks cooperate with Chinese financial units in general business including hard currency trading, bond trading and extending loans for short-term trade."

Between 1980 and 1986, U.S. companies and individuals have signed more than 300 contracts to invest in projects in China. Up to the end of 1987, the contracts amounted to 2.709 billion U.S. dollars.

The U.S. has lent China 663 million U.S. dollars since 1979. But Wu said that the U.S. Ex-Im [Export-Import] Bank has lent less to China and at higher rates of interest

"The major problem is that China has never had any loans from the U.S. Government," Wu said.

Wu also said that the United States has not opened its capital market to China.

Soviet Union

'Sources' Claim Summit 'Likely' in May 1989
OW1712152188 Tokyo KYODO in English 1448 GMT
17 Dec 88

[Text] Beijing, Dec. 17 KYODO—Soviet leader Mikhail Gorbachev will likely visit Beijing for a Sino-Soviet summit meeting in May 1989, and will send his Foreign Minister Eduard Shevardnadze to China next month for preparatory talks, well-informed Chinese and East European sources said Saturday.

The exact schedule will be decided at the foreign ministerial meeting, the same sources said.

Chinese Foreign Minister Qian Qichen said earlier that Shevardnadze and he had agreed during his recent visit to Moscow that the summit meeting between Gorbachev

and Chinese leader Deng Xiaoping will take place in Beijing in the first half of 1989, preceded by a foreign ministerial meeting at the start of the new year.

Another Chinese source observing Sino-Japanese relations said China takes into consideration concern expressed by the Japanese Government about the possible effect of an improved Sino-Soviet relationship on Japan.

The same source disclosed that a short stop in Tokyo by Qian on his way home from talks with Shevardnadze was not coincidental as initially reported but intentional, so to relieve worries of the Japanese by briefing Japanese Vice Foreign Minister Ryohei Murata.

In the event the Sino-Soviet summit takes place in May, Japan will have an opportunity to hold talks with China on the relations between the two communist powers in advance, as Chinese Premier Li Peng is scheduled to visit Japan in April.

However, the Soviets are reportedly rushing to improve ties with China and there is a possibility that the summit could take place in March, Japanese sources speculated.

China will open the second session of the Seventh National People's Congress in March. In April, Li is visiting Japan. Meanwhile, the Soviet Union is also holding an election in March to select members of a Congress of the People's Deputies to be newly established and the congress will hold its first session in April.

Yao Yilin Meets Soviet Economist 17 Dec
OW1712095388 Beijing XINHUA in English
0753 GMT 17 Dec 88

[Text] Beijing, December 17 (XINHUA)—Chinese Vice-Premier Yao Yilin met here today with A.G. Aganbegian, a well-known economist and secretary of the Economic Department of the Soviet Academy of Sciences.

Yao briefed him on China's economic reform.

Aganbegian arrived here December 15 for a visit to China at the invitation of the Chinese Academy of Social Sciences.

Peng Chong Meets Delegation From Leningrad
OW1712133088 Beijing XINHUA in English
0858 GMT 17 Dec 88

[Text] Beijing, December 17 (XINHUA)—Peng Chong, vice-chairman of the National People's Congress (NPC) Standing Committee, met here today a Soviet delegation from Leningrad headed by Mayor Vladimir Hodyrev.

The delegation arrived in Shanghai December 13 to sign an agreement with Shanghai concerning the forging of friendly ties between the two cities at the invitation of the Shanghai municipal people's government.

NPC's Yan Jici Meets Soviet Guests 16 Dec
OW1612202088 Beijing XINHUA in English
1034 GMT 16 Dec 88

[Text] Beijing, December 16 (XINHUA)—Yan Jici, vice-chairman of the Chinese National People's Congress Standing Committee, met a Soviet Archives working delegation at the Great Hall of the People here this afternoon.

The delegation, led by Fyodor M. Vaganov, general director of the Main Archival Administration at the Council of Ministers of the U.S.S.R., arrived here Thursday at the invitation of the Chinese State Archives Bureau.

Feng Zizhi, director of the Chinese State Archives Bureau, was present on the occasion.

Chinese Relief Supplies Arrive in Moscow
OW1812215588 Beijing XINHUA in English
1503 GMT 15 Dec 88

[Text] Moscow, December 15 (XINHUA)—The first Red Cross of China shipment of relief supplies for Armenian earthquake victims arrived in Moscow this morning.

In handing over the 4425 kilograms of supplies—principally food—Chinese Ambassador to Moscow Yu Hongliang expressed the Chinese people's deep sympathy and solicitude for Armenians who have suffered from the quake.

A second shipment of relief goods will be transported to Moscow by special planes on Saturday.

Second Shipment Arrives
OW1712174188 Beijing XINHUA in English
1445 GMT 17 Dec 88

[Text] Moscow, December 17 (XINHUA)—The second shipment of Red Cross China relief supplies for the Armenian earthquake victims arrived in Moscow today.

The approximately 18 tons of goods are principally made up of food, down clothing, sweaters, and thermos bottles.

He Jing, vice-chief of the International Department of the Red Cross of China, arrived here on the same plane chartered from the General Administration of Civil Aviation of China (CAAC).

In handing over the goods, he expressed the Chinese people's deep sympathy for those Armenians who have suffered in the calamity.

The Red Cross of China will send another 8 tons of relief supplies here soon also by CAAC.

Border Transport Services With USSR To Begin
OW1812194888 Beijing XINHUA in English
1451 GMT 14 Dec 88

[Text] Urumqi, December 14 (XINHUA)—China and the Soviet Union have agreed to open package transport services for tourists at Horgos, a checkpoint on the border of the Xinjiang Uygur Autonomous Region, beginning March 1, 1989.

The agreement was reached recently between local officials of the two sides.

The Horgos border outlet is linked [as received] the Chinese cities of Yining and Qingshuihe and with Panfilov in the Soviet Union.

When a direct bus line becomes operational, Chinese tourists to visit the Soviet Union may buy through tickets to Panfilov in Yining or Qingshuihe. Soviet passengers may also use through tickets to Yining.

Yining is 92 km from the border crossing and the Soviet city of Panfilov is about 30 km on the other side of the border.

The number of people crossing the border has been increasing since the outlet at Horgos was opened in 1983. This year, more than 10,000 Chinese and foreign visitors have passed through it.

Southeast Asia & Pacific

Khieu Samphan Arrival in Bangkok Reported
BK1912105888 Beijing in Cambodian to Cambodia
1030 GMT 19 Dec 88

[Text] According to our station correspondent's dispatch from Bangkok, in the afternoon of 18 December, Khieu Samphan, vice president of Democratic Kampuchea [DK] in charge of foreign affairs, arrived in Bangkok after his meeting with Samdech Norodom Sihanouk in Paris, France.

Vice President Khieu Samphan had talks with Samdech Sihanouk in Paris on 13 [December]. Informed sources said Samdech Sihanouk and Khieu Samphan had exchanged views on Cambodia's current situation and future.

Khieu Samphan reiterated the DK party's endorsement to Samdech Sihanouk's five-point position put forth in the latest talks with Hun Sen.

SRV Troop Withdrawal From Cambodia Continues

Cambodia Claims SRV Cheating

*OW1712125988 Beijing XINHUA in English
1227 GMT 17 Dec 88*

[Text] Beijing, December 17 (XINHUA)—Radio Democratic Kampuchea today accused Vietnam of falsely declaring a troop withdrawal, while sending combat soldiers into Kampuchea all the while.

The station said that Vietnam recently claimed it would withdraw 18,000 troops from Kampuchea. Actually it did not pull out any of its troops.

On the contrary, it has been sending in even more troops disguised in Phnom Penh puppet army uniforms.

The station said that on November 30, Vietnam dispatched 200 soldiers wearing Phnom Penh puppet army uniforms to the Kampuchean city of Battambang.

On December 5, Vietnam sent an additional battalion to Kompong Som of Kompong Speu Province. Three days later, three truck-loads of Vietnamese and Phnom Penh puppet soldiers were moved to Battambang.

The radio report said the above facts have clearly shown that Vietnam did not withdraw any troops from Kampuchea, proving that its declaration about a [words indistinct].

SRV Announces More Troops Withdrawn

*OW1712162188 Beijing XINHUA in English
1558 GMT 17 Dec 88*

[Text] Hanoi, December 17 (XINHUA)—Vietnamese officials said today that 18,000 more troops will be pulled out of Kampuchea by the end of this year.

The announcement came during a ceremony at Phnom Penh, marking the final phase of Vietnam's seventh troop reductions.

The Vietnamese Government announced in May that it would withdraw 50,000 troops from Kampuchea by the end of this year as part of its seventh annual withdrawal plan.

Hanoi said 32,000 of its troops had withdrawn from June to November, and that the remaining 18,000 would leave Kampuchea within these next few days.

Hanoi also announced that it has withdrawn three-fourths of its total occupation forces in Kampuchea since 1982. But 50,000 troops still remain.

However, no independent sources have been able to confirm Hanoi's announced troop withdrawal.

Western diplomats in Bangkok quoted U.S. intelligence sources as saying that Vietnam removed only 15,000 to 20,000 of its troops, instead of 32,000, in the past six months.

The diplomats also said that even if Hanoi's announcement of withdrawing 50,000 troops by the end of this year is realized, there still would be 85,000 troops in Kampuchea.

Hun Sen, premier of the Phnom Penh regime, said at a press conference Friday [16 December] that the withdrawal of Vietnamese troops will not affect the balance of power on the battlefield.

He said the Phnom Penh regime has been making efforts to build and consolidate its strength for the defense of the country "after the withdrawal of Vietnamese troops."

Forum on Spratly Islands Concludes 15 Dec

*OW1812203188 Beijing XINHUA in English
1617 GMT 15 Dec 88*

[Text] Guangzhou, December 15 (XINHUA)—A forum in memory of the forty-second anniversary of the recovery of the Nansha [Spratly] Islands closed here today.

The Nansha Islands were recovered from under Japanese occupation on December 12, 1946 by the then Chinese Government.

The two-day meeting was attended by former Kuomintang generals and senior officers from the People's Liberation Army.

Speakers at the forum pointed out that the islands have been Chinese territory since ancient times, and they hoped Taiwan and mainland troops would join hands in defending the integrity of Chinese territory.

Thailand's Princess Chulaphon Departs for Xian

*OW1612182588 Beijing XINHUA in English
0907 GMT 16 Dec 88*

[Text] Beijing, December 16 (XINHUA)—Thai Princess Chulaphon, her husband Wirayut Ditsayasarin and their party left Beijing this afternoon for a tour of Xian.

Wirayut Ditsayasarin arrived in Beijing Thursday to join the princess in her visit.

Accompanying them on the visit is Dai Yuhua, vice-president of the Chinese Academy of Medical Science.

They will also tour Chengdu, Guilin and Guangzhou before leaving for home.

Australia Releases Study on Chinese Immigrants
OW1912015188 Beijing XINHUA in English
1451 GMT 18 Dec 88

[Text] Canberra, December 18 (XINHUA)—Australian Minister for Immigration Robert Ray today released a comprehensive modern study of the Chinese Australians whose contribution to the development of Australia were highlighted.

Author of the study, Dr Poo-kong Kee from the University of Melbourne's Institute of Applied Economic Research, said Chinese immigrants and their descendants were well placed to contribute to the growing economic ties between Australia and East and Southeast Asia.

Kee noted more than 130,000, or 70 percent of those Australians with Chinese ancestry, were proficient in English and Chinese. They constituted a potentially valuable bilingual resource for Australia's export and tourism industries.

Immigrant Chinese from Malaysia, Singapore and Hong Kong were generally young, able bodied and well educated, Kee said, they were likely to be English speaking in professional occupations, had a high income and young children.

Senator Ray said Kee's findings on the growth and diversification of the Chinese population would upset many long held prejudices and stereotypes about the Chinese in Australia.

Total numbers of the Chinese rose from 28,351 (1871) to 172,232 in 1986, not including 28,833 persons of mixed descent.

Australia drew most of its business immigrants from Hong Kong and Taiwan followed by the United Kingdom, Malaysia, Singapore, Fiji, Indonesia, South Korea and Western European countries, the minister added.

Near East & South Asia

Iran's Velayati Continues Visit; Meets Zhao
OW1712085488 Beijing XINHUA in English
0829 GMT 17 Dec 88

[Text] Beijing, December 17 (XINHUA)—The visiting Iranian Foreign Minister Dr. Ali Akbar Velayati today described his cordial talks with Chinese high-ranking officials as "fruitful".

At a press conference he gave this morning at the Iranian Embassy in Beijing, Velayati said that both sides held that the two countries should further their relations of cooperation in political, economic, trade and cultural fields.

In response to reporters on the reconstruction of Iran after the war, he said that China will help Iran with its reconstruction of factories, dams, and fishing vessels. Iran welcomes Chinese technicians to go to his country and help it with its reconstruction, he added.

"Till now we have not had any military cooperation with China. China has not sold weapons to us and we have not purchased weapons from China," he said.

When asked about the U.S.-Iran relations under the Bush administration, he said that the United States has a "hostile policy" toward Iran and this policy remains unchanged.

He also reiterated that Iran is willing to implement the 598 Resolution of the UN Security Council concerning the cease-fire between Iran and Iraq, saying that the Iraqi troops till now has not withdrawn from the internationally recognized boundary.

Bilateral Relations Viewed
OW1712171888 Beijing Domestic Service in Mandarin
1030 GMT 17 Dec 88

[From the "National Hookup" program]

[Text] Zhao Ziyang, general secretary of the CPC Central Committee, made the following remark this afternoon when meeting with Iranian Foreign Minister Velayati and his party at Zhongnanhai: China attaches great importance to developing its friendship and relations of cooperation with Iran. It is our fixed policy to continue expanding our relations with Iran.

Zhao Ziyang said: The past few years have seen smooth development of Sino-Iranian relations. Relations between the two countries have entered a new phase, particularly since Iranian Assembly Speaker Rafsanjani visited China. We very much appreciate the active attitude that the Iranian Government has taken in developing relations between the two countries.

With regard to China's participation in Iran's postwar reconstruction, Zhao Ziyang said: China has strong points in certain fields—for example, technology, labor, and machinery. China is willing to participate in Iran's reconstruction on the original basis [zai yuan you ji chu shang] and advance Sino-Iranian relations to a new stage.

Velayati said: The Iranian Government and people are determined to expand their friendly relations with China. Such relations, we believe, conform with the interests of the Iranian people. It is an inalienable part of Iran's foreign policy to develop its friendly relations with China. We very much welcome China's earnest and wide-ranging participation in Iran's postwar reconstruction.

Zhao Ziyang expressed appreciation for the attitude Iran has taken in accepting the UN Security Council Resolution 598 and actively cooperating with the UN secretary general's mediation efforts. He said: We hope that progress will be made in the Iran-Iraq talks.

At the meeting, Velayati forwarded a letter from Speaker Rafsanjani to General Secretary Zhao Ziyang.

Foreign Minister Qian Qichen was present on the occasion.

XINHUA on Meeting
OW1712124788 Beijing XINHUA in English
1220 GMT 17 Dec 88

[Text] Beijing, December 17 (XINHUA)—China attaches great importance to developing its friendship and relations of cooperation with Iran, Chinese party leader Zhao Ziyang said here today.

"It constitutes China's fixed policy to continue expanding its relations with Iran," Zhao, general secretary of the Chinese Communist Party Central Committee, told visiting Iranian Foreign Minister 'Ali Akbar Velayati.

During their meeting this afternoon, Zhao noted the "smooth development" of Sino-Iranian relations, and said bilateral relations entered "a new phase" following Iranian Assembly Speaker Hashemi Rafsanjani's visit to China.

He expressed appreciation for the "active attitude" the Iranian Government adopted in developing relations with China.

Zhao also expressed China's willingness to participate in Iran's post-war reconstruction.

Velayati said the Iranian Government and people are determined to expand their friendly relations with China, for this conforms with the interests of the Iranian people. "It is an inalienable part of Iran's foreign policy to develop its friendly relations with China," he said.

The Iranian foreign minister said his country "welcomes very much" China's participation in Iran's post-war reconstruction in a "comprehensive manner."

The Iranian foreign minister briefed the Chinese leader on the Iran-Iraq talks in Geneva as well as Iran's stand on the disputes between the two countries.

Expressing admiration for Iran's acceptance of the U.N. Security Council Resolution 598 and for its good co-operation with the U.N. secretary-general, Zhao said China hopes the Iran-Iraq talks will continue to achieve progress.

China will, as always, support the mediation efforts on the part of the U.N. secretary-general and provide the best possible co-operation for him, he said.

China did its part in promoting the peace talks in the Gulf, he said, adding that "we will go on to do so in this regard."

However, he noted, problems left either from history or the eight-year old war still exist in the Iran-Iraq talks. "It takes both sides patience and an attitude of mutual understanding and accommodation to solve them," he said.

"As the world has entered an era of detente and dialogue," Zhao said, "developing countries should turn this valuable time to their best advantage in building up themselves."

The earlier realization of peace between Iran and Iraq, the better, Zhao said, adding, "This is of benefit to both sides."

The Iranian foreign minister is scheduled to leave for home later this evening.

IRNA Reports Talks
LD1712192588 Tehran IRNA in English 1855 GMT
17 Dec 88

[Text] Beijing, Dec. 17, IRNA—Secretary-General of the Central Committee of the Chinese Communist Party Zhao Ziyang, today praised the Islamic Republic's acceptance of Resolution 598 and cooperation with the U.N. chief.

He told Iranian Foreign Minister 'Ali Akbar Velayati "China's policy towards the Iran-Iraq peace talks was to support the efforts by U.N. Secretary-General Javier Perez de Cuellar to implement the resolution."

Turning to mutual ties, he said Tehran-Beijing relations have made great progress over the past few years, especially after the visit to Beijing by Iranian Majlis (parliament) Speaker Hojjat ol-Eslam Ali Akbar Hashemi-Rafsanjani in 1985.

Velayati replied that despite Iran's acceptance of Resolution 598 and the subsequent peace talks, parts of Iranian territory were still under occupation, and Iraqi officials contrary to their claims, were putting obstacles in the way of the negotiations.

Among other topics discussed by the two were expansion of mutual ties and China's contribution to post war reconstruction projects.

Velayati arrived here on December 14.

Comparison of Li Peng on Iran-Iraq Peace Talks

Beijing RENMIN RIBAO in Chinese on 16 December carries, on page 1, a report entitled "Li Peng Meets Iranian Foreign Minister." This report has been compared with the Beijing XINHUA English version, published in the 16 December China DAILY REPORT,

page 17, column two, under the headline "Li Peng on Iran-Iraq Peace Negotiations," and found to be identical, except for the following variations:

Paragraph four, from line one, reads: ...said that China has always adopted a stand of "keeping strictly neutral and actively advocating peace" to the war... (noting additional words)

Indian Prime Minister Rajiv Gandhi Begins Visit

Ambassador Ranganathan on Visit
OW1612181888 Beijing XINHUA in English
0251 GMT 16 Dec 88

[Text] Beijing, December 16 (XINHUA)—Indian Prime Minister Rajiv Gandhi's coming visit to China will be a "clear impetus" for improving the gradually expanding relations between India and China.

Indian Ambassador to China C.V. Ranganathan made this remark in an interview with XINHUA Wednesday before Gandhi's arrival.

Leaders of both countries regard Rajiv Gandhi's visit as a major historical event in India-China relations, Ranganathan noted, adding that this will be the first visit by an Indian prime minister in 34 years and the fact itself has value and significance.

During Gandhi's visit, he said, the two sides are expected to discuss "all matters which have a bearing on our relations" and exchange views on international issues of mutual interest.

Both sides are approaching the event with a "strong forward-looking perspective," he said. This will give a "decisive push to the improvements" of bilateral relations.

While India and China seek a solution to sensitive issues, such as the border question, peacefully through negotiations, the governments of the two countries are eager to develop cooperative relations in all fields, and this will be of mutual benefit.

The ambassador described potential for intensifying bilateral exchanges and co-operation as "indeed large."

Ranganathan agreed that an improvement of the relations between the two countries will have a good effect to bring about a stable situation in Asia, while contributing to global peace.

"A relationship of friendship and understanding between India and China would be good for Asia and the world," the ambassador said.

Gandhi Arrives in Beijing
OW1912005388 Beijing XINHUA in English
0029 GMT 19 Dec 88

[Text] Beijing, December 19 (XINHUA)—Indian Prime Minister Rajiv Gandhi and his wife Mrs. Sonia Gandhi arrived here this morning to begin their five-day official visit to China.

The visit, at the invitation of Chinese Premier Li Peng, is the first in 34 years since the late Indian Prime Minister Jawaharlal Nehru visited China in 1954.

Upon his arrival at the airport Rajiv Gandhi said, "it's nice to be in China."

The Indian guests were met at the airport by Qi Yuan-jing, chairman of the Chinese Government Reception Committee and minister of metallurgical industry, and his wife, Vice-Foreign Minister Liu Shuqing and Chinese Ambassador to India Tu Guowei.

Two youngsters presented bouquets to the Gandhis.

Accompanying Prime Minister Rajiv Gandhi on the visit were Indian Minister of External Affairs P.V. Narasimha Rao, Minister of Commerce Dinesh Singh, Minister of Law and Justice and Water Resources Dr. B. Shankaranand and other Indian officials.

Also at the airport were Indian Ambassador to China C.V. Ranganathan as well as diplomatic envoys to China from Bangladesh, Nepal, Pakistan and Sri Lanka.

It is learned that Prime Minister Rajiv Gandhi will be formally welcomed at a ceremony to be presided over by Li Peng. Then the two leaders will have discussions on Sino-Indian relations and international issues. In the evening Li Peng will give a banquet in honor of the prime minister and Mrs. Gandhi.

The Indian leader is expected also to meet other top Chinese leaders in the coming days.

Li Peng Welcomes Gandhi
OW1912024488 Beijing XINHUA in English
0229 GMT 19 Dec 88

[Text] Beijing, December 19 (XINHUA)—Indian Prime Minister Rajiv Gandhi was officially welcomed into Beijing at a ceremony presided over by Chinese Premier Li Peng at the Great Hall of the People here this morning.

After a 19-gun salute, Gandhi, accompanied by Li Peng, reviewed a guard of honor composed of men of the three services of the Chinese People's Liberation Army. Some 200 youngsters cheered the Indian prime minister and Mrs. Gandhi.

Present on the occasion were Vice-Premier Wu Queqian, Foreign Minister Qian Qichen, and Qi Yuanjing, chairman of the Chinese Government Reception Committee and minister of metallurgical industry, Zheng Tuobin, minister of foreign economic relations and trade, along with high-ranking Indian officials traveling with Gandhi.

The Indian prime minister and his entourage flew into Beijing early this morning on a five-day official visit.

Delhi Reports Arrival
BK1912033488 Delhi Domestic Service in English
0240 GMT 19 Dec 88

[Text] The prime minister, Mr Rajiv Gandhi, and his Chinese counterpart, Mr Li Peng, have begun their talks in Beijing. Their meeting began soon after Mr Gandhi was accorded a colorful ceremonial reception at the Great Hall of the People with a guard of honor and welcome speech by Mr Li Peng. The ceremony was held indoors in the massive hall of the building. AIR [All-India Radio] special correspondent, Manohar Takroo, reports that the talks between the two prime ministers relate to measures on improving bilateral relations and expanding them. They also cover the general review of the situation in the region and exchange of views on current international developments. Another meeting is scheduled for the afternoon when the two prime ministers are expected to have private talks.

The Chinese media have commented on the visit in highly positive terms. This morning's Chinese daily [as heard] says in an editorial that: The world's two most populous nations and two major countries of Asia—China and India—have an unshakable responsibility in maintaining world peace and regional stability. There are a hundred reasons for us to be friends and no single one to be antagonists. Referring to the border problem, the editorial says: Its settlement requires statesmanship and political wisdom on both sides.

Earlier, on his arrival in Beijing this morning on a 5-day visit to China, Mr Gandhi was received by the minister for metallurgy, Mr Qi Yuanjing, and other dignitaries. The Indian ambassador, Mr Ranganathan, and members of the small Indian community in Beijing were also present at the airport. Our correspondent says the Chinese custom is to receive the visiting foreign leaders at the airport in more or less informal manner and accord the ceremonial welcome a little later.

Speaking to newsmen before his departure from New Delhi last night, Mr Rajiv Gandhi said there are good hopes for improving relations with China. He said a good climate and mood exist in both the countries for improving friendship. There are certain problems which are quite serious and historic. Mr Gandhi said there are no easy solutions to these problems, but both the countries have the will to solve them. Mr Gandhi said the border problem is the most important issue between the

two countries and there will certainly be talks on this. Mr Rajiv Gandhi is accompanied by a high-level delegation which includes senior ministers and officials.

Li, Gandhi Begin Talks
OW1912064588 Beijing XINHUA in English
0629 GMT 19 Dec 88

[Text] Beijing, December 19 (XINHUA)—Chinese Premier Li Peng and Indian Prime Minister Rajiv Gandhi began their talks at the Great Hall of the People here today.

On behalf of the Chinese Government and people, Li Peng expressed warm welcome to his guests.

Li said China and India are two Asian nations with ancient civilization and developing countries with large populations. He said there is no reason whatsoever for the two countries not to be friends.

Li said Gandhi's current visit to China is an applaudable move following the suspension of direct contacts between leaders of the two countries for more than 30 years.

He said China will make every effort to facilitate Gandhi's China visit.

Rajiv Gandhi thanked Li Peng for inviting him to visit China, saying that his visit undoubtedly will be a memorable one.

Both India and China have an ancient civilization and face similar situations, Gandhi noted, adding that populations of the two countries put together account for over one-third of the world's total.

Therefore, he said, India and China should have more direct contacts.

Gandhi Comments Cited
BK1912071188 Delhi Domestic Service in English
0630 GMT 19 Dec 88

[Excerpt] The prime minister, Mr Rajiv Gandhi, and his Chinese counterpart, Mr Li Peng, have begun their talks in Beijing. Their meeting began soon after Mr Gandhi was accorded a colorful ceremonial reception at the Great Hall of the People with a guard of honor and welcome speech by Mr Li Peng. The ceremony was held indoors in the massive hall of the building.

Replying to the welcoming remarks by the Chinese prime minister, Mr Li Peng, Mr Gandhi expressed the hope that his visit to China will bring about a new beginning and friendship. Mr Rajiv Gandhi said India and China constitute one-third of the human race and we should look more to each other. He recalled that these two countries have not only the oldest but also the most unique civilizations. Mr Gandhi said he has no doubt

that his visit would be a memorable one. He also thanked his host for the warm welcome and hospitality extended to him and the Indian delegation.

Before the start of the official-level talks, Mr Li Peng said after more than 30 years, contacts between the senior leaders of the two countries have been established. He said his side will do all they can and expressed the hope that the visit will be a success.

Our Southeast Asia correspondent, Dipanker Mukhopadhyay, reports from Beijing that Mr Rajiv Gandhi inspected a guard of honor while hundreds of school children in colorful attire welcomed him with traditional music and dance. Mr Li Peng will host a banquet in honor of Mr Rajiv Gandhi. [passage omitted]

Talks Include Border Dispute
*OW1912094288 Beijing XINYHUA in English
0917 GMT 19 Dec 88*

[Text] Beijing, December 19 (XINHUA)—The Sino-Indian boundary problem left over from history can be solved by the two countries with sincerity, and under the principle of mutual understanding and accommodation, Chinese Premier Li Peng said here today.

Li made this remark during his two-hour talks with visiting Indian Prime Minister Rajiv Gandhi this morning, when the two leaders exchanged views on bilateral relations and the international situation.

Li Peng pointed out that the boundary problem is hindering the improvement of bilateral relations.

The Indian prime minister agreed that the border dispute is the knottiest problem in Sino-Indian relations. He said both sides ought to solve this problem through peaceful and friendly consultations. India is determined to solve the problem in the spirit of mutual benefit and reciprocity.

Gandhi also said, while both sides are seeking a solution to the boundary problem, an atmosphere of calm and tranquillity along the border should be maintained. At the same time, the two countries can increase their exchanges and cooperation in other fields.

Reviewing the "very friendly" relations between China and India in the 1950s, the Chinese premier said for reasons known to all, unfortunately bilateral relations took a turn for the worse and the deterioration even amounted to confrontation.

"We hope such things will never happen again," Li said, adding that the two countries should go with the trend of peace and development in the world.

He said an improvement of Sino-Indian relations will not only benefit the two countries, but also contribute to the peace of Asia as well, Li said.

During their talks, the Chinese premier noted the trend of detente in the world, saying this is of benefit to developing countries such as China and India.

More and more people agree that a new international political, as well as economic, order should be established, Li said.

The five principles of peaceful co-existence maintain their vitality, Li noted, adding that despite possible differences in social systems, all countries should abide by these principles.

As initiators of the five principles, China and India should be role models in carrying them out, and the two countries have a lot to learn from each other in many aspects, the Chinese premier said.

Gandhi said great changes have taken place in the international situation. However, there are still some pitfalls. He said the most fundamental problem is that of eliminating the basic factors of tension.

Therefore, he said, a new international political order should be established and containment should be replaced by peaceful coexistence.

During the talks, Li expressed admiration for the Indian Government's principled position on the Tibet issue.

The Chinese Government has noted, he said, that all Indian Governments have stuck to the following positions in this regard: Tibet is part of China; and India will not interfere in China's internal affairs, nor will it allow Tibetan separatists in India to conduct political activities aimed at splitting China up.

Gandhi reiterated that the Indian Government holds that Tibet is an autonomous region of China. The Indian Government does not allow any political forces in India to engage in any political activities harmful to China's internal affairs.

Chinese Foreign Minister Qian Qichen, Indian Foreign Minister Narasimha Rao and other senior officials of the two governments attended the talks.

Following the morning governmental talks, Li Peng and Rajiv Gandhi held a half-hour private conversation.

The governmental talks continued in the afternoon.

HONGKONG STANDARD Editorial
*HK1912084988 Hong Kong HONGKONG STANDARD
in English 19 Dec 88 p 10*

[Editorial: "Asian Big Two Must Grasp Olive Branch"]

[Text] The last time an Indian premier set foot in Beijing was 1954—more than 34 years ago. That's about how long relations between the two Asian giants have been strained.

Mr Rajiv Gandhi's arrival in the Chinese capital today sets the seal on a new relationship which has been developing slowly in recent years. Expectations are high, especially on the subcontinent, that great things will come out of this visit. The Chinese leadership is much more sanguine about it.

This is because the differences between the two are great. And, on the Indian side, time has not healed the wounds of the 1962 Sino-Indian war. Emotions still run high when the subject crops up.

There is no doubt that the defeat cut deep into the Indian psyche. And there is the presence of the Dalai Lama and his 100,000 followers not far from New Delhi to constantly remind the Indians of that war.

The world at large may see the Dalai Lama and the Tibetans in exile as separate from the Sino-Indian border dispute. But the two are inextricably linked. The war was a direct result of the Dalai Lama's flight from Lhasa and China's decision to secure her borders.

Now both sides are claiming the other is sitting on its territory. The stalemate has remained through eight rounds of negotiations from 1962. To expect any dramatic development through one visit by Mr Gandhi may be a bit too optimistic.

Still, on both sides, the impetus to come to terms is there. With the current outbreak of peace on all fronts, both New Delhi and Beijing may find themselves having to answer to history for not contributing towards lessening tension in this part of the world.

There has not been a time since the end of World War II when mankind has been presented with such an opportunity to create a new world of enduring peace. The two nations which swear by the Pancha Sila—the five principles of peace—should be in the vanguard of peace, not lagging behind.

On each side there are other compelling reasons to move forward. In New Delhi there has been growing concern over the quickening pace of developments between Moscow and Beijing. To such an extent that Mr Mikhail Gorbachev, chief architect of the global peace offensive, has had to personally assure Mr Gandhi that Indian

interests would not be sacrificed. Nevertheless, Mr Gorbachev also saw the need to remind the Indian leader that it was time to make peace with Beijing.

Beijing is anxious to clear all external problems and concentrate on its own economic development and political reforms. The border dispute with India is the last major problem with a neighbour.

Peace with India is likely to spur the Dalai Lama on to seek a lasting solution of the Tibet problem. This alone may provide enough compulsion for Beijing to make some concessions to Mr Gandhi who is in no position to concede much.

Mr Gandhi's popularity at home has plunged to rock bottom. He is in a disadvantageous position. To give up much without getting anything in return will make this position even more untenable. To return home empty-handed is likely to strengthen his critics.

Magnanimity on Beijing's part may make an enduring friend of Mr Gandhi and his Congress (I) Party because a successful trip may be just the booster that the Indian leader needs.

If Mr Gandhi loses the general elections due next December, there may not be another opportunity for Beijing to make peace. The alternative to Mr Gandhi and his Congress (I) is a hodge-podge of extreme right to extreme left parties with conflicting attitudes towards China, the border issue and the Tibetan problem.

A government formed by these opposition parties is less likely to come to terms with Beijing for fear of breaking itself up. It would, after all, be united by nothing else but the desire to be rid of Mr Gandhi. They can set back the search for peace by several years.

For Asia and for the rest of the world, there is no better time than now for that giant leap to peace. Mr Deng Xiaoping and Mr Gandhi can show Mr Gorbachev and Mr Ronald Reagan that they aren't the only players in the great peace game.

"Yearender" on Middle East Peace Progress
*OW1712211388 Beijing XINHUA in English
1231 GMT 17 Dec 88*

[("Yearender: Melting Point of Middle East Iceberg (by Mu Guangren)"—XINHUA headline)]

[Text] Cairo, December 15 (XINHUA)—The Middle East peace process has always been regarded as a thorny issue that seemed hardly able of making a breakthrough.

Although it is still regarded as difficult, this year a melting point has emerged on the huge iceberg that has been building up over the past 40 years.

Major signs of this are the PLO's recognition of Israel's right to exist, and the U.S. agreement to enter into a substantive dialogue with the PLO for the first time since the Arab-Israel conflict started.

This is both a result of an increasingly realistic and moderate tendency on the Arab world, and a result of the warmer global political climate this year.

The moderate tendency on the Arab side finds expression in two major events. The first is mid-November's 19th extraordinary session of the Palestine National Council (PNC) in Algiers, which proclaimed an independent Palestinian state and adopted a political program seeking co-existence with Israel.

Those Palestinian moves marked a major step forward, compared with the national charter they adopted 20 years before.

At that time, the PNC adopted the charter denouncing Israel as illegitimate and declared the liberation of the whole of Palestine as its goal.

The present political program accepts U.N. Security Council Resolutions 242 and 338, and recognizes Israel's right to exist.

The program shows that the PLO has at last stepped onto a realistic road after 20 years of struggle. Its new attitude has helped make possible the convening of an international conference on Middle East peace, and a comprehensive settlement of problems in the region.

The second major event is that a number of Arab countries have restored diplomatic relations with Egypt.

When former Egyptian President 'Anwar al-Sadat, signed the Camp David agreement with Israel in 1978, the outraged Arab world severed diplomatic relations with Egypt. The restoration of these relations marks a major historical change. It means that most of the Arab countries have gradually accepted the reality of coexisting with Israel, as well as the reality that the Arab countries need to work together toward a common economic development.

This realistic trend on the Palestinian side, and the strengthening of the moderate front of the Arab world, constitute the main stream of the Middle East peace process.

It has not been easy for the PLO to accept U.N. Security Council Resolution 242, and to recognize Israel's right to exist. In recent years, Egypt, Jordan, and some other Arab countries have repeatedly tried to persuade the PLO to accept the resolution.

PLO Chairman Yasir 'Arafat, and some other leaders of the PLO said on many occasions that they were willing to accept U.N. resolutions on the Palestinian issue, including Resolution 242, but they met opposition from a few extremists within. To maintain unity, the mainstream of the PLO had to deal with the extremists' stand.

Besides, the danger indeed exists that Israel might not recognize the PLO in return for the PLO's recognition of Israel. Since this was 'Arafat's last card to play, the PLO would receive little, if anything at all, if Israel fails to return the PLO's recognition.

However, the popular uprising in the occupied territories for the past year has changed the situation. The Palestinians oppose the Israeli occupation, and have been struggling for their rights to a national existence. But it seems that they no longer insist in throwing Israel into the sea. This development has become the backbone of the PLO's adopting of a realistic policy.

Besides, the uprising has also strengthened the confidence and courage of the PLO leaders. With the uprising as their support, the PLO's acceptance of U.N. Resolution 242 should strengthen its position at the negotiation table instead of weakening it.

This decision by the PLO kicked the ball into the U.S. and Israeli court. The U.S. refusal to grant 'Arafat a visa to address the U.N. General Assembly led to the relocation of the General Assembly from New York to Geneva. It also put the U.S. and Israel in an extremely isolated position, as demonstrated by the 152 to 2 vote in favor of the move.

When 'Arafat expatriated further in clear terms the PLO's recognition of Israel in Stockholm recently, the United States was more deeply mired in a passive position, and had to retreat while fighting. The U.S. State Department said 'Arafat's original statement was not clear enough, and demanded a more clear-cut statement before it would enter into a dialogue with the PLO.

When 'Arafat finally did address the U.N. General Assembly, the U.S. still said that 'Arafat had not meet the American demand. It was not until 'Arafat held a press conference on the evening of December 14 that the American President Ronald Reagan, finally announced that the United States agreed to enter into a substantive dialogue with the PLO.

This shows that the melting of the Middle East iceberg is an inevitable result of the peaceful direction of the PLO.

The increasingly warmer international political climate is another reason for the emergence of the melting point of the iceberg.

After the U.S.-Soviet summit in Moscow earlier this year, the differing positions of the two superpowers drew closer to each other. The Soviet Union has readjusted its Middle East policies to make them more flexible, and the United States has also had to make subtle changes of its Middle East policy.

The solid ice that remains on the iceberg is Israel. So far Israeli Prime Minister Yitzhaq Shamir is still repeating the old tune that the PLO is a terrorist organization. He refuses to open dialogue with the PLO, or even recognize it.

However, in the face of the two-fold attacks of "stone throwing plus olive branch" of the PLO, Israel also feels frustrated. A major debate is going on in Israel as to whether the occupation of the others' territories will bring security to itself.

This shows that, although the Israeli ice on the iceberg remains unmelted, a slit has indeed emerged in it.

The emergence of a melting point on the Middle East iceberg is the most dramatic change in the last weeks of this year. Although the tiny melting point may be refrozen if blown by a cold wind, the hard ice will eventually split and melt as the political climate in the Middle East and the whole world is getting warmer.

Of course, it is a long process from the melting of the iceberg to the melting down of the whole problem. This may be influenced by many factors, including whether the popular uprising in the occupied territories will continue unabated, how heavy the international pressure on the United States and Israel will be, and what policies the Bush administration and the new Israeli cabinet will adopt.

Regardless how the present initiatives develop, people throughout the world are encouraged by this new and peaceful direction.

Israeli Position on U.S.-PLO Talks Viewed OW1912105688 Beijing XINHUA in English 1831 GMT 16 Dec 88

[“Round-up: Israel Seeks New Ways To Cope With U.S. Decision To Start Dialogue With PLO (by Chen Ruining)” —XINHUA headline]

[Text] Cairo, December 16 (XINHUA)—The Israeli Government is seeking new ways to get itself free from predicament arising from the U.S. decision Wednesday to start substantive dialogue with the Palestine Liberation Organization (PLO).

According to a Jerusalem report reaching here, Israeli Foreign Minister Shim'on Peres told visiting U.S. Governor of Mississippi Ray Mabus today that the U.S. decision would force Israel to launch a new peace initiative and approach the Arab-Israeli conflict in a new way.

Among the new initiatives Peres suggested was to hold municipal elections in the occupied West Bank and Gaza to select Palestinian leaders outside PLO whom Israel could negotiate with.

Israeli Premier Yitzhaq Shamir has kept silent since the announcement of U.S. decision. But Israeli daily HA'ARETZ reported today that Shamir wanted to form a coalition with the Labour Party headed by Labour Party Leader Shim'on Peres as quickly as possible and then launch a peace initiative focusing on granting autonomy to Palestinians in the occupied lands.

Shamir also pinned his hope on the collapse of upcoming U.S.-PLO dialogue. Avi Pazner, a spokesman for Israeli Premier's Office, told the press: "We believe that the United States will discover very soon the true face of the PLO and will realize that it cannot be a partner for negotiations and peace."

Pazner declared that Israel would not reconsider its refusal to negotiate with PLO after U.S. decision to start dialogue with PLO.

Meanwhile, Israel is escalating its repressive measures in the occupied lands for fear of the escalation of the Palestinian uprising following the U.S. decision.

According to reports from Jerusalem, four Palestinians were fatally shot by Israeli troops today in the west bank during clashes with palestinian demonstrators.

Two Palestinians were shot and killed by Israeli troops in the city of Nablus, the largest city in the West Bank, where massive demonstrations took place today to protest against the killing of Palestinian youth who died of a gunshot wound on November 25.

Demonstrations also took place today in other cities in West Bank and Gaza Strip, and two more Palestinians were killed by Israeli gunfire.

At least 19 Palestinians were wounded today during clashes in Nablus, according to city hospitals.

West Europe

NPC Group Leaves After 5-Day Visit in Sweden OW1912091088 Beijing XINHUA in English 0227 GMT 19 Dec 88

[Text] Stockholm, December 18 (XINHUA)—The Chinese delegation of the National People's Congress led by Chen Muhua, vice-chairman of its Standing Committee, left here today after a five-day visit to Sweden.

During their stay in the country, Chen Muhua and her delegation, which arrived here December 14 at the invitation of the Swedish Parliament, met the Parliament Speaker Ingemund Bengtsson, held talks with Parliament delegates and visited some factories and enterprises.

FRG Economic Delegation Arrives in Fujian
OW1712003088 Fuzhou FUJIAN RIBAO in Chinese
1 Dec 88 p 1

[Text] A 24-member economic delegation of the Rhineland-Palatinate State of the FRG, headed by Laina Brudeloh, economic minister of Rhineland-Palatinate State, arrived in Fuzhou on 30 November for a goodwill visit to Fujian Province. Vice Governor Shi Xingmou met the guests at Wenquan Building on the evening of 30 November. Fujian Province and Rhineland-Palatinate State have expanded friendly contacts in recent years, and exchange of visits by leaders of both sides have increased, which have deepened mutual understanding and fostered closer relations between the two sides. Industrialists among members of the delegation will study the possibility of establishing economic and trade cooperation between Rhineland-Palatinate and Fujian. Officials of the provincial Commission of Foreign Economic Relations and Trade, the provincial Economic

Commission, and departments concerned briefed members of the delegation on Fujian's economic development at a forum held on the afternoon of 30 November.

Sports Protocol Signed With France 16 Dec
OW1612192388 Beijing XINHUA in English
0856 GMT 16 Dec 88

[Text] Beijing, December 16 (XINHUA)—A protocol for sports exchanges in 1989 between China and France was signed here today.

Under the protocol, the two sides will exchange visits in the sports of mountaineering, fencing, Badminton, judo, table tennis and basketball in the coming year.

The protocol was signed by Phillippe Graillot, head of the visiting French sports delegation, and Wei Jizhong, director of the International Department of All-China Sports Federation.

10th Anniversary of 3d Plenary of 11th CPCCC

Marked by Theoretical Symposium

OW1612201288 Beijing XINHUA in English
1032 GMT 16 Dec 88

[Text] Beijing, December 16 (XINHUA)—Chinese theorists will hold a five-day discussion in Beijing beginning December 18 to mark the tenth anniversary of the convention of the Third Plenary Session of the 11th Central Committee of the Chinese Communist Party.

It will be the largest of its kind since 1978.

The policy formulated at that session—"emancipate the mind, seek truth from facts"—has freed Chinese theorists from doctrinairism, theorists said, adding that they have begun to face reality and properly study the problems of China's reform and opening to the outside world.

The discussion aims to review and summarize the past ten years' achievements in theoretical studies and to seek to further promote theoretical research.

More than 900 papers from all over the country have been submitted for the gathering and some 200 have been selected from them.

These papers cover history, philosophy, sociology, art and culture, economy, and law and half of them are about economics.

Leaders Attend Ceremony

OW1812091388 Beijing XINHUA in English
0837 GMT 18 Dec 88

[Text] Beijing, December 18 (XINHUA)—Chinese party and state leaders joined some 400 scholars and other professionals here today to mark the 10th anniversary of a historical meeting which has been described as the prelude to China's nationwide reform.

They were attending a symposium to commemorate the 3d Plenary Session of the 11th Central Committee of the Chinese Communist Party, held between December 18 and 22 in 1978, which marked the beginning of a new era in China.

Among the Chinese leaders attending the opening ceremony of the symposium were Zhao Ziyang, Yang Shangkun, Li Peng, Wan Li, Qiao Shi and Hu Qili.

General Secretary Zhao Ziyang delivered a speech entitled "To Arm the Party With the Theory Adopted at the Party's 13th Congress."

Addressing the opening ceremony, Wang Rengzhi, head of the Propaganda Department of party Central Committee, described theoretical work in China during the past decade as "active and fruitful."

He pointed out that theoretical work has abandoned the erroneous concept of "taking class struggle as the key [word indistinct] focused on China's modernization.

Wang said that over the past 10 years Chinese theoretical workers have re-studied socialism in the light of China's reform and developed a series of new concepts involving philosophy, political economy and scientific socialism.

"These new ideas are a mark of development of Mao Zedong Thought in China and contribute to the treasury of Marxism," the party official said.

The policy "to let a hundred schools of thought contend" had been well carried out in theoretical research in the past decade, he said, adding that theoretical workers of the older generation remain vigorous and a large number of young theoreticians have emerged.

But he said theoretical work has still failed to meet the needs of socialist modernization, the practice of reform and opening to the outside world.

"Our reform needs vigorous support of theory," he said. "Theoreticians should contribute real knowledge, penetrating judgment and achievements of scientific value for the Chinese people who are making a determined effort."

During the five-day symposium, sponsored jointly by the Propaganda Department, Central Party School and the Chinese Academy of Social Sciences, the participants will summarize the fruits of theoretical research in the past decade and make suggestions on how to promote theoretical work in the future.

Zhao Speaks at Symposium

OW1812181888 Beijing XINHUA Domestic Service
in Chinese 1312 GMT 18 Dec 88

[Text] Beijing, 18 Dec (XINHUA)—Title: "Use the Theory of the 13th Party Congress To Further Arm the Whole Party"

—Speech at the theoretical symposium marking the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee

(18 December 1988)

Comrades,

On the occasion of the 10th anniversary of the convocation of the 3d Plenary Session of the 11th CPC Central Committee, the CPC Central Committee has authorized the Central Propaganda Department, the Central Party School, and the Chinese Academy of Social Sciences to jointly hold a theoretical symposium. This is a matter of great significance. Many comrades of the Political Bureau and Secretariat of the CPC Central Committee

have come here today to express to you and the theoretical workers of the whole country through you the party's concern and attention shown to theoretical work.

The 3d Plenary Session of the 11th CPC Central Committee was a very important meeting in the history of our party. Its historical contribution was manifested in reestablishing the Marxist ideological line for the party. Comrade Deng Xiaoping's important speech "Emancipate the Mind, Seek Truth From Facts, and Unite as One in Looking to the Future" delivered at the Central Working Conference which made preparations for the 3d Plenary Session of the 11th CPC Central Committee centralized the will of the whole party and nation and smashed the long-term ideological shackles of the "leftist" deviation. It served as the keynote address for the session. The decade following the session has been one in which our party led the Chinese people in effectively carrying out practical and theoretical creation. The curtain of China's reform was raised at the session. A pioneering new system started from that meeting. The theories guiding China's reform and construction developed step by step after the session.

A great practice requires scientific theories. Beginning from the 3d Plenary Session of the 11th CPC Central Committee and through the 13th CPC Congress, we have established the basic views and outline of the theory for building socialism with Chinese characteristics. It is the achievement of the concerted efforts of the party's practical and theoretical workers and the people of the whole country under the session's call of "proceeding in all cases from practice" and "making a serious study of new conditions, new emerging things, and new problems. It summed up both the positive and negative basic experience over the past 40 years since China entered the socialist period. It analyzed the productive forces and production relations, economic basis, and superstructure at China's current stage, that is, the initial stage of socialism, and analyzed their internal relations and trend of development. It analyzed China's domestic conditions and new international environment. It demonstrated the party's basic line at the current stage and illuminated the one center and two basic points of this basic line. It set forth the strategic plan for China's modernization program, presented the objective and blueprint of overall reform, and provided the basic reason that we should follow the current principles and policies rather than any other ones. Proceeding from China's actual reality and implementing the scientific spirit of Marxism, it embodied the integration of the basic tenets of Marxism and the practice of China's reform and construction. In the course of its establishment, this theory played a guiding role in the practice of our reform and construction. In the years ahead, it will continue to develop and be enriched in practice and will play a further guiding role in practice.

At present the primary task of the party's theoretical work is to further arm the whole party with the theory of the 13th Party Congress which has taken shape gradually

over the past decade. The party's leading organs at all levels should make this task the top order of the day. This constitutes the essential contents of the party's political leadership and ideological building. Here there are two requirements: On the one hand, it is necessary to repeatedly study the theory of building socialism with Chinese characteristics in connection with the reality of the actual time and locality and apply this theory to analyze and answer the major questions existing in practical work and constantly test the theory through practice. On the other hand, in light of the spiritual essence of this theory, it is necessary to continuously apply the stand, viewpoint, and method of Marxism to study the new conditions and solve new problems and further develop, enrich, and deepen this theory.

The party schools at all levels should regard the theory of building socialism with Chinese characteristics as their main teaching material. The comrades of the whole party, particularly those engaged in publicity and education work, shoulder the responsibility of publicizing among the masses the basic theoretical viewpoints established at the 13th CPC Congress. The role of theory lies in guiding and supporting practice. Theory must proceed from practice and answer the questions raised in practice. Its role will be greater provided it offers clearer and more thorough and comprehensive answers. Naturally, the various schemes, plans, and measures in specific work can only be selected by judging the hour and sizing up the situation and weighing the pros and cons in practice. However, it is extremely important to solve the regular problems. A correct theory can increase our foresight and enhance our courage and resoluteness in practice. A theory, once grasped by the masses, will become a material force for transforming the objective world. Then our reform and construction undertakings will develop more smoothly and effectively.

China is advancing and the world is changing. New problems that have cropped up one after another remain to be answered. Some people believe that this constitutes a "crisis" of Marxism. In fact, for Marxism, a challenge is precisely a good opportunity for development. The vitality of Marxism lies in not evading reality and not fearing challenge. Instead of ready dogmas, the whole world outlook of Marx offers the starting point and method for carrying out studies. To uphold Marxism, we should persist in applying Marxism's basic tenets and scientific attitude to realistically study new conditions, things and problems, draw inate rather than fabricated laws from them, and test them through practice. Confronted with vivid, rich practice and complicated facts, Marxism should further develop. This is the general trend of the times. The Chinese Communists should make accomplishments and contributions in this regard.

It is an arduous task to conduct theoretical study. The CPC Central Committee respects your labor. The basic theoretical viewpoints established by the 13th CPC Congress embody the research achievements of the vast numbers of theoretical workers. In the fields of social

science, natural science, and literature and art, the CPC Central Committee will continue to unswervingly implement the policy of letting a hundred schools of thought contend and a hundred flowers blossom and create a stable, united, democratic, and harmonious work environment. The theoretical workers should strengthen unity between themselves and with practical workers and share weal and woe with them. The comrades of the whole party and the people of the whole country should unite for the victory of reform and construction, for realizing the four modernizations, and for revitalizing the Chinese nation.

Our practical and theoretical development over the past decade has been a big topic. We can hold a short meeting to discuss a big topic. As I am in favor of holding short meetings, I will not take too much of your time. This is all I want to say: May the theoretical symposium be a success! May all of you make valuable achievements in your theoretical work in the years ahead!

Zhao's Remarks Analyzed
*HK1912084588 Hong Kong HONGKONG STANDARD
in English 19 Dec p 6*

[Text] China's party chief Mr Zhao Ziyang yesterday re-assured the nation's intellectuals the policy to "let a hundred flowers bloom and a hundred schools of thought contend" would be upheld.

He told 400 leading scholars and experts the party was determined to carry out this policy in either the social sciences, natural sciences or among cultural and art circles.

Observers in Beijing said Chinese intellectuals had been frustrated by harsh remarks levelled at the TV series RIVER ELEGY by some leaders and the travel ban imposed on dissident astrophysicist Professor Fang Lizhi.

They feel these developments are a possible return of a nationwide crackdown on liberal ideologies on intellectuals.

On top of the assurance, Mr Zhao called for unity among intellectuals and theoreticians.

These remarks were made yesterday at the five-day national conference convened in Beijing.

The aim of the conference is to mark the 10th anniversary of a central committee meeting widely believed to have led to China's reform programme.

"Building socialism with Chinese characteristics would be the guiding principle for China in the years to come," Mr Zhao said.

The theory, put forward at the October 13 National Party Congress last year, suggested China had to go through a long period called the "primary stage of socialism".

The theory also said the fundamental task was to boost productivity.

Mr Zhao said the Communist Party as a whole should be armed with the concept that China's "great practice needs the guidance of a scientific theory".

Mr Zhao said the theory was the result of collective efforts made over the past decade.

The 1978 meeting saw the return of paramount leader Mr Deng Xiaoping, established the famous principle of "practice as the sole criteria of truth", the policy of reforms and the opening up to the outside world.

Before that all important meeting, Mr Deng made a keynote speech in which he condemned the prevailing "leftist" ideology in the party and the country as a whole.

Much importance was attached to the current meeting to summarise experience of the past decade and to formulate new guiding theories for the years to come.

But some analysts claimed that no significant breakthrough would result from the meeting as the country was going through one of its worst economic crises with record high inflation and an over-heated economy.

According to XINHUA NEWS AGENCY, Mr Zhao is reported to have said the new theory was Marxism with a Chinese face.

He called for party organizations at all levels to continue to study and further develop, and enrich, the theory of "building socialism with Chinese characteristics".

"China is advancing and the world is changing. Numerous problems are arising which call for answers to them. Some people say this has posed a 'crisis' for Marxism," the agency reported the leader as saying.

"Yet in fact, for Marxism, challenges mean new opportunities for development.

"In upholding Marxism, we should persist in applying the basic principles and scientific approach of Marxism to our study of new situations, new things and new problems in the light of actual conditions so as to find out their innate laws of development and test our finding in practice."

Apart from Mr Zhao, others at the conference were the president, General Yang Shangkun, Premier Li Peng, chairman of the Standing Committee of the National People's Congress, Mr Wan Li, and members of the Politburo's Standing Committee, Mr Qiao Shi and Mr Hu Qili.

Speaking at yesterday's opening was Mr Wang Renzhi, head of the party's Propaganda Department.

He said theoretical work had led to the abandonment of the "erroneous concept" of taking class struggle as the key link.

Editorial on Theoretical Guidance
*HK1912101488 Hong Kong TA KUNG PAO
in Chinese 19 Dec 88 p 2*

[Editorial: "Expand Theoretical Research, Guide In-Depth Reform"—On Symposium Commemorating the 10th Anniversary of the 3d Plenary Session of the 11th CPC Central Committee]

[Text] The "Symposium Commemorating the 10th Anniversary of the 3d Plenary Session of the 11th CPC Central Committee" jointly sponsored by the CPC Central Committee Propaganda Department, the Central Party School, and the China Academy of Social Sciences opened in Beijing yesterday. Since the "Symposium Commemorating the 10th Anniversary of the 3d Plenary Session of the 11th CPC Central Committee" is being held at a time when China's reform is entering a crucial stage it has attracted widespread attention at home and abroad.

The "Symposium Commemorating the 10th Anniversary of the 3d Plenary Session of the 11th CPC Central Committee" is of a high theoretical standard. Apart from exchanging the achievements of their theoretical research and the results of their investigations during the past 10 years into China's national situation, hundreds of experts and scholars from all parts of China will mainly carry out theoretical explorations on major questions concerning building the four modernizations, the reform, and opening up to the outside world. In particular the new questions and new situations that have cropped up in recent years will be explored with a view to promoting China's development during the remaining 10 years of this century and realizing the "well off" goal.

China is a developing socialist country. Great practice is in no doubt in need of the guidance of scientific theories. China suffered from setbacks and catastrophes in the past because she followed a "leftist" line formed on the basis of a series of "leftist" theories. The major achievement made by the 3d Plenary Session of the 11th CPC Central Committee is that it not only thoroughly criticized and repudiated the long-existing "leftist" theories and line but also formulated the new line which regards practice as the sole criterion for judging truth. The 3d

Plenary Session of the 11th CPC Central Committee also gave a powerful impetus to the development of a theory which has since guided China's reform and construction over the past 10 years.

In his speech delivered at the opening ceremony of the "Symposium Commemorating the 10th Anniversary of the 3d Plenary Session of the 11th CPC Central Committee," Zhao Ziyang, general secretary of the CPC Central Committee, put forward the following two demands on the theoretical workers: On the one hand, China's theoretical workers should carry out repeated study on the theory of building socialism with salient Chinese characteristics in the light of China's actual conditions and realities and should carry out analyses of and find solutions to the major problems that have existed in the all types of actual work by applying this theory. On the other hand, China's theoretical workers should continue to study new situations and solve new problems according to the spirit of this theory and by applying the Marxist stand, viewpoint, and method to continuously develop, enrich, and deepen this theory. In the meantime, Zhao Ziyang also emphatically pointed out: Facing the lively and plentiful practice and the complex, diverse, and confused realities, Marxism is bound to experience new and greater development. This is the major trend of the times.

China's remarkable achievements in the course of its reform over the past 10 years are obvious to all and have been universally acknowledged. Nevertheless, China has also come across numerous difficulties as well as strong resistance in the course of its reform. However, the biggest obstacles with which China is now confronted in the course of its reform include soaring inflation, an overheated economy, price raises, and such corrupt phenomena as cadres seeking private gains by abusing their powers. All of these have aggravated the overall situation in China. Under such circumstances people generally hope that all the theoretical workers attending the current symposium will not only endeavor to discover the inherent causes of the aforesaid problems and corrupt phenomena but also put forward ways and methods of tackling the and corrupt phenomena by integrating theory with practice.

For instance, the relationship between: Strengthening macroeconomic control and continuously invigorating the economy; controlling the issuance of currency and developing production; improving the economic environment and continuously implementing the policy of opening up; the coastal cities and the hinterland; industry and agriculture; and between reform of the economic and political structures are all practical questions confronting China's reform. We hope that the current symposium will make contributions to the building of socialism with salient Chinese characteristics by carrying out in-depth theoretical explorations and by drawing on the collective wisdom and absorbing all useful ideas of the participants.

A situation of letting a hundred flowers blossom and a hundred schools of thought contend is taking shape in the spheres of social sciences, natural sciences, and culture today. China's theoretical explorations have already broken through some forbidden zones and touched upon some very sensitive questions. It has been reported that some of the dissertations submitted to the current symposium have already put forward a lot of new expositions on traditional Marxist theories, new understandings on the vitality of capitalism, and a lot of bold ideas on the new mechanisms of economic operation. All these views are fresh and were unknown in the past. China's reform and opening up to the outside world has greatly aroused the Chinese people's consciousness of participation. It is anticipated that the current symposium will help to create a work environment characterized by a higher degree of transparency, stability, unity, democracy, and harmony. It is also anticipated that all the participants at the symposium will each air his own views and will choose and follow what is good with a view to realizing the four modernizations and boosting the development of China.

Commentary on Anniversary Symposium
HK1912080988 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1039 GMT 17 Dec 88

[Commentary by reporter San Chuan: "Rethinking in the Face of a Grim Situation—On the CPC Theoretical Symposium Marking the 10th Anniversary of the Inception of Reform"—ZHONGGUO TONGXUN SHE headline]

[Text] Beijing, 17 Dec (ZHONGGUO TONGXUN SHE)—After repeated discussions, a decision was taken at last to hold the theoretical symposium sponsored by the Propaganda Department of the CPC to mark the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee in Beijing tomorrow (18th), scheduled to conclude on 22 December.

Last year the CPC had made an announcement concerning this symposium, which was aimed at summarizing the achievements gained in the past decade of reform and opening up to the outside world, bringing our drive into full play, and further accelerating development in the final decade of this century to achieve the goal of "a well-off standard of living." However, dogged by inflation, overheated production, price hikes, abuse of power for personal gain, and other corrupt phenomena, the situation has become very grim. The current symposium, which is of significance in theoretically assessing and summarizing the new policies and line adopted by the CPC over the last decade, will provide an important forum for authorities in theoretical and academic circles to discuss and assess national policies. Fifty people, including Xue Muqiao, Yu Guangyuan, Du Runsheng, Ma Hong, Li Yining, Wang Ruoshui, Zhao Fusan, Fei Xiangtong, Zhang Youyu, Qian Xuesen, Dong Dalin, Huang Xiang, and Wang Yuanhua, were specially

invited to the symposium because of their high degree of authority, representativeness, and popularity, and 191 people, including Liu Guoguang, Dong Fureng, Su Shaozhi, and Liu Zaifu were selected as symposium participants for their high-standard academic theses. In a recent lengthy article commemorating the 10th anniversary of China's reforms, Yu Guangyuan said: "The emergence of a number of theorists of a high standard is extremely important to the fate of China in the days to come."

It has been reported that although many topics to be discussed are very sensitive ones, and, moreover, the higher echelons of the CPC have repeatedly expressed the hope that symposium participants will objectively assess the successes and failures of reform over the last decade rather than wrangling over old accounts, such as combating "spiritual pollution" and "liberalization," considerable breakthroughs have been made judging from the contents of academic theses which have been submitted. They include new ideas on traditional Marxist theory, a new understanding of the capitalist system and its vitality, a new appraisal of the historical status of the initial stage of socialism, and a bold adoption of new economic operation mechanisms. All these are something fresh and new to the public.

One account said: Five members of the Standing Committee of the CPC Political Bureau and principal military and government officials in charge of routine duties will attend the opening ceremony to be held in the Hall of the People's Congress tomorrow. Zhao Ziyang is expected to deliver a speech whose substance stresses the implementation of the "double-hundred policy," adhering to the principle that "there are no forbidden zones in theoretical exploration," allowing the existence of schools of thought other than Marxism, affirming that the policy decisions currently in force are both the results of academic research and the subjects of research themselves, and asserting that the views of a particular leader represent only himself and can be subject to free discussion.

The timing of the current symposium, which will be held at the very same time the 3d Plenary Session of the 11th CPC Central Committee was convened 10 years ago, has considerable implications. Just as economist Li Wuwei put it, in the past decade of reform, the results that ought to have been achieved have been mostly achieved and the problems that ought to have been laid bare have for the most part been revealed. All our gains or losses are related to reform. Efforts should be made to create a political environment in which people will discuss reform more openly so as to provide a prerequisite for deepening reform. Yan Jiaqi maintained: The current predicament epitomizes the various contradictions cropping up over the last few years. This is the eve of the "decisive engagement" between the new and old structures. The current drive of reform and opening to the

outside world has aroused the people's individual consciousness. Therefore, it is necessary to establish a democratic social mechanism and to make sure that it has strong cohesive force.

Apparently, the current symposium will provide a theoretical basis for the adoption next year of measures to reform the political structure.

Editorial Cited on Historical Meeting

OW1812122388 Beijing XINHUA in English
0645 GMT 18 Dec 88

[Text] Beijing, December 18 (XINHUA)—Problems coming to the surface during the economic reforms have been caused by the negligence to seeking truth from facts, the core of Marxism, the "GUANGMING DAILY" said in a front page editorial today.

The problems listed by the paper include over-heated economic development, too high a industrial growth rate and too many infrastructural projects.

The editorial came as a commemoration to mark the 10th anniversary of the third plenum of [words indistinct] which was convened on December 18, 1978.

The plenum has been described as a turning point to start nationwide reforms, to open China to the outside world and "shift China from "the rigid and dogmatic economic mechanism to socialist commodity economy," according to the editorial.

The 10-year-[word indistinct] the editorial said, has "greatly promoted the country's economy," which in turn benefited its one billion people.

"All this is possible because the central leadership has stuck to the concept of seeking truth from facts, a principle reset by the plenum," the editorial said.

However, the re-establishment of the principle is one thing, while carrying it out is another, it said.

The tendency of achieving too much at a time would mean the divorce from the principle, it said.

The correct policies worked out by the Communist Party and government since the plenum and the recent decision of improving economic environment and rectifying economic order are all based on past experiences and China's actual conditions, or are the results of seeking truth from facts, it said.

The paper said that the problems the country is facing today are different from what it did 10 years ago. "They are problems in the process of advance and progress and so long as we stick to the principles adopted at the historical plenum we can overcome all these problems," it said.

Report on 18 Dec Tibetan Students' Protest
HK1912071588 Hong Kong SOUTH CHINA MORNING POST in English 19 Dec 88 p 1

[Text] More than 60 Tibetan students yesterday marched to the Communist Party headquarters in Beijing to protest against the killing of anti-Chinese demonstrators and alleged human rights violations in their strife-torn Himalayan homeland.

The protesters, mostly from the Beijing Nationalities Institute in the northwestern suburbs of the city, said they were demanding protection of human rights in Tibet and described China's rule there as an "invasion", a Western witness said.

Tibetan students in Beijing are regarded as a special cadre destined for leading jobs in the Chinese administration of the backward region in their return.

No previous protests against Chinese policies in Tibet have been reported among the students of the Nationalities Institute.

The march came a week after Chinese authorities admitted killing one Tibetan and injuring 13, including a Dutch woman, when police fired on a group of 30 Tibetan Buddhist monks and nuns demonstrating for human rights in the Tibetan capital of Lhasa.

Reports from foreigners said at least three people were killed.

The students began in Tiananmen Square, marched across the huge plaza waving banners reading "Respect Human Rights", "Peacefully Solve the Tibetan Problem", "Oppose All Violence" and "Oppose Armed Repression".

They said about 40 police moved in and seized the banners and exposed their camera film, but allowed them to parade once around the square and march silently past Zhongnanhai, the government compound where China's highest leaders live and work.

"Everyone knows the protesters have no weapons, so why were they shot?" asked one Tibetan student, who accused Chinese police of killing 12 people and injuring 40 in last week's incident.

A female student said of the Chinese authorities during a pause in the march: "They are killing our people. We have to do something."

She said the march was not related to the anti-Chinese unrest in Tibet but rather was intended to protest against the handling of pro-independence demonstrations by security forces.

The marchers stopped beside a major intersection to listen to an appeal for calm from Mr Ren Shiqi, the principal of the Nationalities Institute.

Mr Ren offered to meet leaders after the group returned to campus.

There were no reports of arrests.

However, when students tried to talk to SOUTH CHINA MORNING POST correspondent Seth Faison, voicing their concerns in English so that Chinese police would not understand, the police intervened.

"This is none of your business!" yelled one plain-clothes policeman.

"We just told the NEW CHINA NEWS AGENCY to leave, so you must go too," said another.

After being detained for two hours, Faison was accused of three infractions: trespassing on a public lawn, disturbing traffic and failing to follow orders from police.

Dozens of uniformed and plain-clothes police monitored the demonstration, which was illegal under emergency regulations passed after repeated student demonstrations in January 1987.

Inauguration of Hengyang-Guangzhou Railway Held
*OW1712055288 Beijing Domestic Service in Mandarin
 1030 GMT 16 Dec 88*

[Text] A ceremony to mark the inauguration of the double-track Hengyang-Guangzhou Railway was held in Shaoguan at 1400 today. The State Council and the Ministry of Railways sent messages to greet the inauguration.

Li Peng, premier of the State Council; Li Senmao, minister of railways; Lin Ruo, secretary of the Guangdong Provincial CPC Committee; Xiong Qingquan, secretary of the Hunan Provincial CPC Committee; and other leading comrades attended a ceremony to mark the opening of the railway. They inspected Dayashan Tunnel and part of the railway line.

On behalf of the Central Committee and the State Council, Li Peng extended congratulations to the builders of the railway and expressed high regard for all workers, engineers and cadres who took part in construction.

Li Peng pointed out: The construction work of this double-track railway is very difficult and requires high technology. Its completion shows that China's railway construction has reached a relatively high standard. It reflects the good spirit of the broad masses of railway builders who have adhered to reform, relied on science,

struggled tenaciously, worked in close cooperation and unity, and blazed new trails. They have set a successful example for our country's technological transformation of main railway lines.

Li Peng said: Railway transportation is the backbone of our country's communications. It occupies a key position in our country's economic and social development. At present, the capacity of railway transportation is still far from being able to meet the need of reform, opening to the outside world, economic development and people's living requirements. It is a conspicuous weak link. Railway builders are faced with a heavy task and great responsibility. It is hoped that railway builders would seriously sum up and promote the successful experience in building the double-track Hengyang-Guangzhou Railway, be modest and prudent, guard against arrogance and rashness, develop their achievements, promote further progress, and make new contributions to our country's four modernizations.

Premier Li Peng called on railway workers in the whole country to guarantee safety, support production work, fulfill transportation tasks during the Spring Festival period, and insure the smooth progress of reform and opening to the outside world.

The single-track railway from Hunan's Hengyang in the north to Guangzhou in the south was completed section by section before 1936. The equipment and facilities were old and outdated and standards were very low. After the national liberation, although certain local improvements were made, the railway still could not meet serve the increasing transportation demands. It was a railway which clearly could not meet the demand of transportation in southern China. In May 1978, the Ministry of Railways started repairs and construction of the double-track Hengyang-Guangzhou Railway. Owing to inadequate investment, construction was delayed. At the end of 1985 the state listed the construction of the double-track Hengyang-Guangzhou Railway as a key construction project in the Seventh 5-Year Plan. The plan required the opening of the double-track railway to traffic by the end of 1988. The State Council and the Ministry of Railways strengthened leadership over the organizational work of the construction of the double-track Hengyang-Guangzhou Railway. The workforce was increased from 35,000 people to more than 50,000, which greatly promoted the progress of construction. After 35 months of hard work, the railway was finally completed for trial operation on 26 November this year.

The total length of the double-track Hengyang-Guangzhou Railway is 526 kilometers, built with an investment of 3.21 billion yuan. The opening of the double-track railway is a major achievement in railway construction during the Seventh 5-Year Plan and has provided valuable experience for the building of key railway lines.

The engineering design is rational, construction technology is advanced, and there is a new breakthrough in building technology. The Dayaoshan Tunnel, which is more than 14 kilometers long, is the longest double-track electric railway tunnel in China and is 10th-longest in the world. The tunnel's completion signifies that our country's technology in tunnel building is now elevated to the world's highest level.

Compared with the old railway line, the double-track Hengyang-Guangzhou Railway has not only increased capacity but also shortened the railway line by 25.5 kilometers. It can save transportation costs by more than 10 million yuan each year. The 155-kilometer section from Chenzhou to Shaoguan is an electric railway with greater economic and social benefits. After the opening of this first grade main railway line to traffic, its transportation capacity will increase from the current more than 15 million metric tons per annum to 30 million metric tons and eventually to 50 million metric tons. This can greatly alleviate the difficult situation of railway transportation in southern China. It will have a great bearing on economic construction, reform and opening to the outside world in southern China.

Li Peng Speaks at Ceremony

HK1612152388 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 16 Dec 88

[Text] The following is a recorded report by a station reporter on the ceremony for the completion of the double-track Hengyang-Guangzhou Railroad:

[Begin recording] Dear listeners: The double-track Hengyang-Guangzhou Railroad, which the Guangdong people have been looking forward to, has at last been completed and opened to traffic. The inauguration ceremony was held in Waiting Room No 4 of the newly built Shaoguan Railway Station at 1400 today.

Li Peng, Standing Committee member of the CPC Central Political Bureau and premier of the State Council, has made a special trip from Beijing to attend the inauguration ceremony and to cut the ribbon for the first special train to operate along the railroad after its official inauguration.

The double-track Hengyang-Guangzhou Railroad leads from Hengyang in the North to Guangzhou, which is the motherland's important opening in the South. Its total length is 526 km. It is a major project on the southern section of the Beijing-Guangzhou Railroad. A force of 50,000 railroad builders have worked very hard for 10 years to build [words indistinct] single tracks with a total length over 1,300 km, 61 tunnels, and 124 bridges, 51 railway stations, some key works, a series of auxiliary works, thus achieving double [word indistinct] ahead of schedule. The half century in which the Hengyang-Guangzhou section of the Beijing-Guangzhou Railroad

was a single-track railroad and in which traffic from the interior to the motherland's southern opening was seriously jammed, is now behind us.

Present at today's inauguration ceremony were Li Senmao, Li Shizhong, Sun Yongfu, (Cheng Yuqi), (Xie Gaojie), and other relevant responsible persons of the State Council, the Ministry of Railways, the Ministry of Geology and Mineral Resources, and the Ministry of Posts and Telecommunications. Also present were the responsible persons of Guangdong and Hunan, such as Lin ruo Xiong Qingquan, Yu Fei, Kuan Ji, and (Zhang Bangli); representatives from eight bureaus under the Ministry of Railways which have participated on the construction of the railroad; the responsible persons of the relevant departments; and representatives from the 5 cities and 10 counties on either side of the double-track Hengyang-Guangzhou Railroad. Over 500 were present on the occasion.

[Unidentified speaker] The inauguration ceremony for the double-track Hengyang-Guangzhou Railroad now begins.

(Liu Dachun), a vice minister of railways and deputy commander of the Ministry of Railways' Headquarters for Directing the Construction of the Double-Tracked Hengyang-Guangzhou Railroad, officiated at the [word indistinct] ceremony.

After the ceremony began, Sun Yongfu, another vice minister of railways, presented a report on the construction of the double-track Hengyang-Guangzhou Railroad and the achievements made. After that, Li Shizhong, a deputy secretary general of the State Council, and Minister of Railways Li Senmao read out the congratulatory telegrams from the State Council and the Ministry of Railways. Secretary of the Guangdong Provincial CPC Committee Lin Ruo and Secretary of the Hunan Provincial CPC Committee Xiong Qingquan took turns to speak at the ceremony.

Premier of the State Council Li Peng delivered a speech on behalf of the CPC Central Committee and the State Council.

[Li Peng's voice] Comrades, the completion of the double-track Hengyang-Guangzhou Railroad is a major event in the history of China's railroad construction. The party Central Central Committee and the State Council warmly congratulate you.

In his speech, Premier Li Peng spoke highly of the contributions of the constructors of the double-track Hengyang-Guangzhou Railroad and their spirit of taking the overall situation into consideration, struggling unyieldingly, and tackling major technical problems scientifically and gave them his regards.

[Unidentified speaker] Now, Comrade Li Senmao, Minister of Railways, [words indistinct]

To commend the constructors of the double-track railroad, the Hunan and Guangdong Provincial Governments, and their people for supporting the construction of the railroad, there was also a banner-presenting ceremony on the occasion. First, the Ministry of Railways exchanged banners with Guangdong and Hunan. After that, the Ministry of Railways presented banners to the eight bureaus under it which had participated in the construction of the railroad.

The ribbon-cutting ceremony now began. Premier Li Peng and other central leaders and the leading comrades of Hunan and Guangdong proceeded toward a [word indistinct] locomotive at the beautifully decorated Platform No 1. Premier Li Peng gladly cut the ribbons for the first special train to officially operate on the railroad. After that, accompanied by the leading comrades of the Ministry of Railways, Hunan, and Guangdong, Premier Li Peng boarded the train and went to inspect the electrified section between Shaoguan and the Dayao Shan Tunnel.

The train whistled as its wheels moved. Representatives attending the ribbon-cutting ceremony waved their hands to bid farewell to the train, which was about to speed along the 1,000-li double-track railroad they have built, and they smiled happily. The great double-track Hengyang-Guangdong Railroad will forever benefit the people of both Hunan and Guangdong, and the lofty Hengyang-Guangzhou spirit will encourage them to march ahead on the road of reform and opening up. [end recording]

Li Stresses Railroad Safety

*HK1712031288 Beijing ZHONGGUO XINWEN SHE
in Chinese 1125 GMT 16 Dec 88*

[“Li Peng Stresses Railroad Safety at Inauguration Ceremony for the Hengyang-Guangzhou Railroad”—ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 16 Dec (ZHONGGUO XINWEN SHE)—At today's Hengyang-Guangzhou railroad inauguration ceremony, Li Peng stressed again the question of safety after delivering a congratulatory speech.

Li Peng said: I am through reading my script. However, I want to add a few remarks.

Li Peng said: The railroad departments have made great progress since the beginning of this year. However, they still have many problems. Li Peng stressed: The railroad departments' most important task is to ensure production safety and transportation safety. Only by doing so can they ensure that they can smoothly fulfill their transportation tasks next spring.

Since the beginning of this year, train collisions and derailments have occurred many times, incurring heavy losses of people's lives and property.

Li Praises Rail Workers

*OW1712085788 Beijing XINHUA in English
1442 GMT 16 dec 88*

[Text] Shaoguan, December 16 (XINHUA)—Premier Li Peng today attended the official opening of the Hengyang-Guangzhou double-track railway in Shaoguan, Hunan Province.

Construction began on the 807.7-kilometer double-track trunk line in 1978. It has cost a total of 3.2 billion yuan.

Li Peng praised the 50,000 builders for their hard work. He brought messages of congratulation from the Communist Party Central Committee and the State Council for the workers, engineers, technicians and officials.

The premier said that projects of this kind required the close cooperation of central and local governments. Due attention, he said, had to be given to economic efficiency and the application of latest technology when working on such projects.

Paper Says Mao Favored ‘Limited Capitalism’

*HK1912132088 Hong Kong AFP in English
1014 GMT 19 Dec 88*

[Text] Beijing, Dec 19 (AFP)—Mao Zedong, his heir apparent Liu Shaoqi and Prime Minister Chou En-Lai all favoured the survival of limited capitalism in China during 1956 and 1957, the weekly BEIJING REVIEW said here Monday.

Quoting previously unpublished documents and “materials little known to the public,” the official news magazine said Mao had been in favour of private factories and family-owned shops, as private citizens should be allowed to continue to invest for the greater good of the country.

Liu Shaoqi, then vice-president and heir apparent to Mao, adopted the same attitude and once said that “in our country, more than 90 per cent of property belongs to socialism. In my view there is nothing to be afraid of in a few per cent of capitalism. In fact this supplements socialism,” the weekly said.

In April 1957, then Prime Minister Chou En-Lai restated this view during a government meeting when he stressed that workers, peasants, businessmen and students should be allowed a certain amount of leeway to work in the private sector.

Despite this “in 1957 China shifted suddenly and dramatically to the left,” the REVIEW said.

1956 saw the start of a massive programme of collectivisation in the countryside and, the following year, a programme of repression against intellectuals, observers said.

During the various political changes that took place following this shift, the ideas put forward by these leaders were either ignored or severely criticised, the weekly said.

In particular, China's current leader Deng Xiaoping was criticised during the Cultural Revolution (1966-1967) for his slogan, "what does it matter if the cat is black or white, the important thing is that it catches mice."

"This series of events contain profound lessons which deserve to be closely studied so that similar errors do not occur in the future," the weekly said in a reference to the future of current economic reforms after the death of Deng Xiaoping, now aged 84.

The reforms introduced by Mr Deng in 1978 go much further than the ideas expressed in 1956, the weekly said.

Leaders Attend Memorial Service for Ulanhu
OW1812134488 Beijing Domestic Service in Mandarin
1030 GMT 18 Dec 88

[From the "National Hookup" program]

[Excerpts] A ceremony to bid farewell to the remains of Comrade Ulanhu, vice chairman of the NPC Standing Committee, was held in Beijing on the afternoon of 18 December. With profound grief, party and government leaders joined representatives from various circles in the capital and Comrade Ulanhu's good friends during his lifetime gathered at the auditorium of the PLA General Logistics Department to pay their last respects to Comrade Ulanhu, a long-tested communist fighter as well as an outstanding party and government leader, proletarian revolutionary, and leader of nationalities affairs.

The auditorium was filled with wreaths and white elegiac couplets. Mourning music reverberated in the hall. Comrade Ulanhu's remains lay in state amidst flowers and green pine twigs and were covered with a CPC flag. Two PLA soldiers stood on each side holding rifles.

Comrades Zhao Ziyang, Yang Shangkun, Li Peng, Wan Li, Peng Zhen, Qiao Shi, Hu Qili, and Yao Yilin bid farewell to Comrade Ulanhu and expressed sympathy to his wife (Yin Liwen) and children during the ceremony.

Wreaths were sent from Zhao Ziyang, Deng Xiaoping, Yang Shangkun, Li Peng, Chen Yun, Wan Li, Li Xian-nian, Peng Zhen, Deng Yingchao, Xu Xiangqian, Nie Rongzhen, Qiao Shi, Hu Qili, Yao Yilin, and Wang Zhen. [passage omitted on Ulanhu's biography]

Among those who paid last respects to Comrade Ulanhu were also Li Ximing, Wu Xueqian, Song Ping, Qin Jiwei, Ding Guangen, Rui Xingwen, Wen Jiabao, Wang Ping, Wang Shoudao, Wu Xiuquan, Liu Lantao, Jiang Hua, Li Desheng, Yang Dezhi, Xiao Ke, Yu Qiuli, Song Shilun, Zhang Jingfu, Chen Xilian, Duan Junyi, Geng Biao, Huang Hua, Huang Zhen, Peng Chong, Wei Guoqing,

Zhu Xuefan Ngapoi Ngawang Jigme, Bainqen Erdini, Qoigyi Gyaincain, Zhou Gucheng, Yan Jici, Rong Yiren, Ye Fei, Liao Hansheng, Lei Jieqiong, Wang Hanbin, Wang Bingqian, Song Jian, Wang Fang, Zou Jiahua, Li Guixian, Chen Xitong, Liu Fuzhi, Fang Yi, Gu Mu, Yang Jingren, Kang Keqing, Hu Ziang, Zhou Peiyuan, Zhao Puchu, Qu Wu, Ma Wenrui, Qian Xuesen, Hu Sheng, Sun Xiaocun, Lu Jiaxi, Hong Xuezhi, and Liu Huaqing.

Comrade Hoang Van Hoan, an old friend of the Chinese people, also paid last respects to Comrade Ulanhu.

Wreaths were also sent from the CPC Central Committee, the Central Advisory Commission, the Central Discipline Inspection Commission, the NPC Standing Committee, the State Council, the Central Military Commission, the CPPCC National Committee, the Supreme People's Court, the Supreme People's Procuratorate; all departments, ministries, and commissions under the CPC Central Committee and the State Council; all PLA general departments, military regions, and major PLA units stationed in Beijing; all democratic parties and people's mass organizations; all provincial, municipal, and autonomous regional party committees, people's congress standing committees, governments, and CPPCC committees; and Inner Mongolia's Tumd Left Banner Party Committee, People's Congress Standing Committee, Government, and CPPCC Committee.

After the ceremony, Comrades Song Ping and Peng Chong, as well as other officials of the Funeral Office, accompanied Ulanhu's relatives in escorting his remains to the Babaoshan Cemetery of Revolutionaries for cremation.

Zhao Ziyang, Li Peng Praise New Oil Well
OW1912101188 Beijing Domestic Service in Mandarin
2230 GMT 18 Dec 88

[Text] According to a report of ZHONGGUO SHIYOU BAO [CHINA PETROLEUM JOURNAL], leading comrades of the party Central Committee and the State Council recently fully endorsed the major success achieved by the No 2 Lunnan test well in Luntai County, Xinjiang, in finding a high-yielding oil and gas reserve.

In his written instruction, Comrade Zhao Ziyang said: I am glad to hear about the good news. Please convey my greetings to the comrades working there.

Comrade Li Peng said in his written instruction: I wish comrades working in the petroleum industry to continue their efforts to develop a relatively big oilfield in the Tarim area.

Comrade Zou Jiahua pointed out in his written instruction: The petroleum industry must uphold the principle of paying equal attention to both exploration and extracting. Once the reserve of an oil deposit is known, the foundation for stable extraction is ensured.

Li Peng, Qiao Shi Meet Conference Participants
OW1712110088 Beijing XINHUA in English
1030 GMT 17 Dec 88

[Text] Beijing, December 17 (XINHUA)—China will make a bid to strengthen the work of rural village committees and urban neighborhood committees in the next five years, a government minister said here today.

Civil Affairs Minister Cui Naifu said at a national civil affairs conference which opened here today that the move is aimed at promoting China's grass-roots political democracy.

He said that the grass-roots political power organizations should be well-organized and [word indistinct] dealing with civic affairs.

A total of [number indistinct] township governments and 840,000 village committees have been established in China. But some village committees are unable to operate efficiently, and others appear unable to operate at all, he said.

The minister also told the workers of the grass-roots political power organizations to start taking responsibility and play their proper part in the life of their villages.

State Council Premier Li Peng and the Standing Committee member of the Political Bureau of the Chinese Communist Party Central Committee Qiao Shi met with the 500 conference participants today. Li Peng urged them to improve the civil affairs work by relying on both the governments at all levels and the whole society.

NPC Deputies, CPPCC Members Offer Proposals
OW1912004288 Beijing Domestic Service in Mandarin
2230 GMT 11 Dec 88

[From the "News and Press Review" program]

[Text] A reporter from the XINHUA NEWS AGENCY has learned from a national meeting to exchange experiences in handling the proposals of People's Congress deputies and the motions of CPPCC committee members, which opened in Beijing on 11 December, that deputies of the people's congresses and members of CPPCC committees at various levels have played an increasingly important role in managing state affairs and have been increasingly active in participating in political consultative activities and in promoting democratic supervision. Their proposals and motions centering on modernization, reform, and opening to the outside world have received wide attention from the party, government, military, and masses.

According to incomplete statistics, NPC deputies and CPPCC National Committee members put forward more than 29,250 proposals and motions from 1976 to 1988, of which more than 70 percent had been resolved, basically resolved, or included in work schedules of the

departments concerned. The rest could not be resolved for the time being due to various reasons, and therefore would be handled at a later date. Proposals concerning major state affairs and people's livelihood, such as education, scientific and technological development, agricultural development, and the construction of big projects, have prompted the departments concerned to make decisions in a more democratic and scientific way.

Meeting Reviews Motions, Proposals
OW1812141988 Beijing XINHUA Domestic Service
in Chinese 1441 GMT 13 Dec 88

[“Local News Broadcast Service”]

[Text] Beijing, 13 Dec (XINHUA)—A national meeting to exchange experiences in handling the proposals and motions submitted by NPC deputies and CPPCC members ended in Beijing today. The meeting urged all government organs to keep in mind that they should help people's representatives in exercising their functions according to law and that they should solemnly attend to the proposals and motions submitted by NPC deputies and CPPCC members.

Xi Dehua, deputy secretary general of the State Council, relayed to the meeting an instruction to the State Council's General office by Premier Li Peng in connection with handling of proposals and motions. The instruction said: “Attaching importance to the proposals and motions by NPC deputies and CPPCC members to supervise and improve the work of the government is an important part of our effort to develop democracy and improve the legal system. I hope that the General Office will continue to exert efforts and do a good job in handling proposals and motions.”

Wu Xueqian, Lei Jieqiong, Wang Fang, Li Guixian, Gu Mu, Yang Jingren, and Qu Wu attended the closing ceremony of the meeting today.

Peng Chong, vice chairman of the NPC Standing Committee, addressed the meeting, saying: Attaching importance to the proposals and motions by NPC deputies and CPPCC members is an important part of the effort to develop democracy and improve the legal system. In the past few years various areas have made progress in handling such proposals and motions, but there are still many shortcomings. A handful of units and working personnel never took the work seriously, while some other units, regarding this as an extra burden, tried to shift responsibility onto others and did the work perfunctorily. This practice shall not be permitted.

During the meeting Xi Dehua, deputy secretary general of the State Council, delivered a speech entitled “Further Do a Good Job in Handling the Proposals and Motions by NPC Deputies and CPPCC Members and Serve Reform, Opening to the Outside World, and Economic

"Construction in a Still Better Way" on behalf of the General Offices of the NPC Standing Committee, the State Council, and the National CPPCC Committee.

Xi Dehua said: As the proposals and motions submitted by NPC deputies and CPPCC members are of better quality nowadays and also involve a wide range of issues, it is necessary to create a relatively stable and competent contingent of personnel to handle the proposals and motions. Efforts should be made to further raise the professional capability of these personnel. It is also necessary to create an effective system for dealing with this work. To ensure good quality in dealing with this work, it is necessary to fix responsibility for handling the work at different levels. In this way all proposals and motions will be answered, and none shall be ignored.

During the meeting Peng Qingyuan, deputy secretary general of the NPC Standing Committee, and Lin Yong-san, deputy secretary general of the National CPPCC Committee, also requested specifically that proposals and motions should be handled satisfactorily.

During the 3-day meeting the representatives exchanged their experiences in handling the proposals and motions by NPC deputies and CPPCC members in recent years and presented some suggestions and measures for handling this work in the future.

Poll Shows Media More Open Since CPC Congress
OW1912154588 Beijing XINHUA in English
0816 GMT 19 Dec 88

[Text] Beijing, December 19 (XINHUA)—The Chinese media has become more open since the 13th party congress held in the fall of last year, according to a survey conducted among 2,000 delegates to the National People's Congress (NPC) and members of the Chinese People's Political Consultative Conference.

More than two thirds of those surveyed denied that a more open press would lead to social chaos.

Co-conducted by the Journalism Institute of the Chinese Academy of Social Sciences and the capital press society, the poll indicated that 90 percent of those surveyed hold that the press should become a forum for readers to express their ideas so that they can be involved in political affairs.

About 70 percent said that the press is not doing well in "reflecting people's opinions," according to the survey results carried in today's "PEOPLE'S DAILY."

Almost 60 percent of the delegates to the NPC are dissatisfied with the state of critical reporting, arguing that such stories are too few and most of those criticised are low-ranking officials.

Some 90 percent urged the press to expose malpractices in the party's working style so that wrongdoers will come under public scrutiny.

Only in this way can we awaken people's sense of democracy, they said.

Many said they hoped for a press law to be enacted soon, and over 90 percent said the law should be aimed at protecting "press freedom under socialist conditions."

Insufficient Water Supply Causes Monetary Losses
OW1912144188 Beijing XINHUA in English
1310 GMT 19 Dec 88

[Text] Beijing, December 19 (XINHUA)—The insufficient water supply in China's 240 cities loses the country two million yuan every year.

According to today's "GUANGMING DAILY", these cities are short of 10 million cubic meters (cu m) every day.

In Wuhan, the capital of central China's Hubei Province, for example, the daily water consumption topped 2.8 million cu m last summer but the daily supply was 1.9 million cu m.

Officials attributed citizens' reckless waste of water to the low cost of the water.

In Tianjin residents only pay 0.088 yuan for one cu m of drinking water and in Beijing the figure stands at 0.12 yuan, even lower than the cost of an ice-sucker. [as received]

But the production cost of one cu m of drinking water amounts to more than 0.20 yuan in these two cities, according to the paper.

This difference has caused many water authorities to operate in the red. The Shanghai Water Authority, for example, subsidized water projects to the tune of 16 million yuan last year, the paper said.

Experts suggested that cities explore more water sources and start a drive to save water at the same time.

The paper said that the water problem will not be solved until the water charges are raised.

Energy Shortage Serious Despite Increased Output
HK1612054488 Beijing CHINA DAILY
in English 16 Dec 88 p 2

[By staff reporter Xu Yuanchao]

[Text] China's energy production has increased this year but the nationwide energy shortage remains serious and is likely to worsen over the next few months.

A spokesman for the Ministry of Energy Industry said on Wednesday that the worsening power supply was due to the overheated economy and overburdened coal delivery system.

He told a press conference that while electricity generation over the past three years has grown around 10 percent a year, the industrial growth rate has reached 17.7 percent a year.

In Shandong Province, he said, power output may increase 14 percent this year but the province's industrial production has already gone up by 30 percent.

The spokesman admitted better coordination was needed between the central planning departments and the ministry to ease the country's chronic power shortages.

China generated 491.5 billion kilowatt hours (kwh) this year to the end of November. The output represents 93.6 percent of the target for the year and is 10.13 percent higher than the same period in 1987.

This year's target is 525 billion kwh but actual production should reach 537 billion kwh, or 40 billion kwh more than last year, the spokesman said.

China's eleven-month coal production totalled 838 million tons, fulfilling 90.1 percent of the annual target, and chalking up a 4.2 percent gain over the same period last year.

Coal production for the year should reach 950 million tons, 30 million tons more than in 1987, Lu Yanchang, chief electrical engineer, said.

But 24 tons of coal have piled up at the mouths of coal pits in some major mining areas because there are not enough rail cars to get it all to markets.

Lu said coal reserves at the country's thermal power plants dropped to 3.87 million tons in November from 4.25 million tons in August.

In addition, China's major reservoirs have not received sufficient water for power generation during the flood season. The total water storage is 24 billion cubic metres less than in average years. As a result, hydroelectric output was down 14 percent last month compared with the previous year.

The nationwide crude oil production to the end of November amounted to 125 million tons, representing 90.01 percent of the annual plan and a 2.32 percent increase over last year, the spokesman said.

Earlier this year, China increased its oil production target by 3 million tons to 137 million tons.

Strong Measures To Alleviate Energy Shortage
OW1812201788 Beijing XINHUA in English
0245 GMT 15 Dec 88

[Text] Beijing, December 15 (XINHUA)— China's Energy Ministry will take strong new measures to solve the country's energy problem, an official from the ministry said.

Wang Wenzhe, the ministry's spokesman, said at a news conference here Wednesday that China's energy production has been steadily increasing since the beginning of the year, but because excessively rapid economic growth has not yet been effectively controlled, the energy shortage problem is becoming more severe.

He said that to solve the problem, the most important measures needed are to resolutely reduce spending on fixed assets, readjust industrial energy consumption, and reduce the excessive speed of development.

He said that while the country will be able to diversify investment when economic conditions improve, the Energy Ministry will, for the moment, concentrate on budgeting for the construction of coal mines, nuclear power plants and small oilfields to increase energy production.

According to the spokesman, the measures also include building a long-distance transport network to facilitate the transportation of coal, developing power plants located near coal mines, and the building of medium-sized hydroelectric stations to make more effective use of large generators.

He said that policies will be adopted to strengthen coal development in the industrially-developed provinces of east China—where energy is most needed—and suggestions on the construction of railways linking western coal producers and eastern coal consumers will also be put forward to the central government.

Wang added that the ministry is also putting forward suggestions that the government spend 15 to 20 percent of the money used for technical reform on energy-saving technical updating projects.

Low labor efficiency remains the most pressing problem in China's energy industry, Wang said, and to improve this situation, the ministry intends to adopt stronger measures to bring production capacity into full play.

Journalists Attend Film Censorship Panel Session
OW1612162288 Beijing XINHUA in English
1038 GMT 15 Dec 88

[Text] Beijing, December 15 (XINHUA)—Chinese journalists were invited for the first time to attend a film censorship panel yesterday sponsored by the Film Bureau under the Ministry of Radio, Film and Television, the "GUANGMING DAILY" reported today.

The film "Transmigration" (temporary name), made by the noted Xian Film Studio in Shaanxi Province, passed the censorship review, which lasted 2 hours, in the presence of the journalists.

Adapted from a novel, the tragic story is about how a young man fails to adapt to the new economic competition and eventually commits suicide.

The film was directed by Huang Jianxin, director of two highly-acclaimed experimental films, "Black Cannon Incident" and "Dislocation".

The censorship panel agreed that the film is an authentic and honest attempt to portray the reactions of young people to the reform era in China, and has artistic appeal.

The paper reported there were differences of opinion among the censors during post-screening discussion, but the film was finally passed for showing without cuts.

Allowing journalists to watch the work of the censorship board is part of efforts to make this process more open and promote democracy in artistic work, according to the paper.

'News Analysis' on Worsening Paper Crisis
OW1912133488 Beijing XINHUA in English
1303 GMT 19 Dec 88

[“News Analysis: Why the Paper Crisis Is Getting Worse”—XINHUA headline]

[Text] Beijing, December 19 (XINHUA)—China's newspapers and textbook printing houses are facing a grave paper shortage and escalating costs.

The crisis affecting newsprint and white printing paper, used for newspaper and book printing, has become more acute since late last year.

The state has had to draw several times on paper stocks to avoid disruption to leading newspapers. A prestigious Shanghai-based magazine is on the brink of suspension because of a paper shortage.

Many provinces and municipalities have used up their paper stocks to print textbooks for the autumn semester and have no paper left for textbooks for the spring semester.

Newspapers and publishing houses are complaining about the rocketing price of paper, while paper mills are grumbling about rising prices of raw materials and the relatively low returns.

Yet, official statistics show that the gap between supply and demand for paper is small. This year, the demand for paper and the supply of paper are roughly the same—about 1.3 million tons.

An official from the Paper-Making Bureau of the Ministry of Light Industry said leading paper mills in China produced 731,000 tons in the first nine months this year, enough for newspapers and publishing houses.

But, he said, many paper mills have failed to honor paper supply contracts. About four-fifths of supply contracts for national newspapers and just over half such contracts for national publishing houses have been fulfilled this year.

The explanation lies in the two-tier price system which paper mills have exploited to their own advantage. They can earn 2,800 to 3,000 yuan for every ton of paper sold "outside the state plan" on the open market. Within the state plan, their earnings per ton are between 1,200 to 1,400 yuan less.

Prices are pushed up further by the existence of a chain of middlemen, who take a cut each time the paper is bought and sold. This can add another 1,000 yuan per ton to the costs.

Paper output was 11.4 million tons last year, double the figure for 1980, while newsprint output declined to 370,000 tons last year from 425,000 tons in 1985.

Prices of the raw materials used for making paper are rising faster than prices of the end-products. The price of a cubic meter of pine timber is now 600 yuan compared with 110 yuan a few years ago. A ton of caustic soda costs between 700 yuan and 1,100 yuan, as against 300 yuan, according to the China Light Industry Material Supply and Marketing Corporation.

Raw materials for paper making are also in short supply. The Guangzhou Paper Mill, which has a yearly production capacity of 100,000 tons, was forced to suspend production for six months last year owing to timber shortages.

Several experts and economists have offered various solutions to the twin problems of shortages and rising prices. An official from the paper-making bureau said there should be limits on the numbers of China's publishing houses, newspapers and magazines.

There are now 500 publishing houses in China. Four years ago, there were 292. There are now 1,573 newspapers. The Press and Publications Administration currently has 300 applications for new publishing houses and 400 applications for new newspapers waiting for approval.

As for the paper supply and marketing, the manager of the Light Industry Material Supply and Marketing Corporation suggested, "The only way out is the state monopoly over paper supply and marketing."

Managers from newspapers and publishing houses said that to reestablish the state monopoly over paper supply and marketing would ensure sufficient supply for newspapers and books. It would also curb paper profiteering, help to stabilize paper prices and reduce state subsidies.

Plans for Satellite Launchings Given
HK1912123388 Beijing CEI Database in English
19 Dec 88

[Text] Beijing (CEI)—The Asian Satellite 1, a satellite with large capacity built with investment and managed by three companies from China, Hong Kong and Britain, will be launched in early 1990.

China also plans to launch Dongfanghong 3, a government-invested satellite in 1992.

China has built a number of satellite communication global stations, satellite TV receiving stations, and small satellite data stations across the country since it rented an international satellite transmitter for national telecommunication and TV broadcasting in 1985. It launched the national communication satellite Dongfanghong 2 (a) this year. Now a network of global communication stations has been formed in China.

Showings Slated of Nuclear Tests Documentaries
OW1912143588 Beijing XINHUA in English
1314 GMT 19 Dec 88

[Text] Beijing, December 19 (XINHUA)—Five documentary films on the nuclear tests conducted in China since 1965 and nuclear protection measures will be shown to the public soon, the "PEOPLE'S DAILY" reported today.

According to Wang Ruifa, the films' producer and a professor at the Industrial Health Testing Institute under the Ministry of Public Health, the value of the films lies in the fact that they have recorded nuclear impacts on living things and give a clue to possible protection against damage.

The films, which took 23 years to complete, also provide data for the treatment of nuclear damage and injuries, Wang said.

Communications Network Serves Defense Research
OW1912092088 Beijing XINHUA in English
1306 GMT 16 Dec 88

[Text] Beijing, December 16 (XINHUA)—China has built a nationwide communications network for testing sophisticated defense items, an official of the State Commission of Science and Technology and Industry for National Defence here today.

He said that the network ensured accurate testing of submarine-launched missiles last September.

After 30 years of construction, the network now covers a large number of specialized stations and tens of thousands of items of equipment scattered in 23 of 30 provinces, municipalities and autonomous regions on the mainland.

The official said the network has the functions of data transmission, and image and character facsimile, as well as test control.

To meet the requirements for the development of strategic and conventional weapons, and space experiments, Chinese scientists connected with the network have also developed positional televisions, data-transmission equipment, command systems and other facilities.

In the early 1980s the scientists began to establish a satellite communications network involving a number of ship-and vehicle-carried satellite ground stations, as well as land-based satellite stations, for the country's sophisticated weapon experiments.

They have also just completed a communications system specially serving the launching of satellites for foreign companies, the official said.

The network has enabled the successful launching of 24 man-made satellites, missiles of different types and carrier rockets. Nuclear weapons testing has also been carried out, he added.

He said the network also played a role in China's scientific expeditions to Antarctica, a survey of the Taklimakan Desert in northwest China, the second largest one in the world, and other state key scientific research projects.

General Inspection in Armed Forces Yields Results
OW1812090188 Beijing XINHUA Domestic Service
in Chinese 1418 GMT 12 Dec 88

[Text] ("Local Broadcast News Service"; by correspondent Nie Chen]

[Text] Beijing, 12 Dec (XINHUA)—The general inspection of tax revenue, finance, and commodity price throughout the Armed Forces is beginning to produce

preliminary results. A total of 213 projects with a total surface area of 878,600 square meters have been canceled or deferred, cutting back investment in capital construction by 476 million yuan. A sum of 24.41 million yuan was saved after the purchase of various controlled commodities in the original plan was canceled. A sum of 6 million yuan was saved by canceling 163 conferences. As a result, 1.4 million yuan in tax was turned over to the authorities.

Every unit throughout the Armed Forces has strictly enforced control over institutional purchasing power. According to incomplete statistics, various major units have canceled their original plan to purchase a total of 89 automobiles. The various departments and bureaus in General Staff Department have trimmed nine conferences and celebrations and saved nearly 900,000 yuan by holding them together or canceling them.

At present, the general inspection of tax revenue, finance, and commodity price is still going on, and work is being conducted in depth.

Contract System Introduced to Military
*HK1612064988 Beijing RENMIN RIBAO in Chinese
11 Dec 88 p 3*

[XINHUA report by correspondent Xu Zhian (6079 1807 1344): "China Practices Contract System in National Defense Scientific Research"]

[Text] Beijing, 10 Dec (XINHUA)—According to information from the National Defense's Science, Technology, and Industry Commission, a contract system has been implemented for the research and development of science, technology, weaponry, and military equipment for China's national defense. Such research and development projects have thus been put into the planned commodity economy orbit.

In recent years, China has carried out a series of reforms and readjustments in the research and development of weapons and military equipment mainly by changing the practice of fund appropriation to a contract system. A new channel for fund control has been basically established. Apart from state mandatory planning, economic and legal measures have been adopted and a contract system has been introduced to the research and development of nearly 1,000 types of weapons and military equipment including new tanks, aircraft, long-range radar, antiaircraft missiles, and warships. During this year, contracts have been signed for 80 percent of the projects. Tenders have been invited to bid on some of the projects.

Remarkable achievements have also been made in implementing the contract system on a trial basis in conducting research in applied science and advanced technological developments. As of now, contracts have been signed for the development of several hundred projects in the development of a new generation of

weapons and military equipment. Nearly 1,000 contracts have been signed for the development of new technology in using infrared rays, lasers, computers, and electromagnetic countermeasures, and in conducting applied research for new materials and technology. Some of these projects have produced results, which have been applied in the development and improvement of our country's weapons and military equipment. Good results have also been scored in applying such research achievements as robots and winged boats [chong yi ting 0394 5065 5312] in developing technology in the civilian sector.

It is said that the contract system currently adopted by departments engaged in the national defense's science and technology sector mainly assume the forms of fixed price contracts, cost compensation contracts, and contracts signed at different stages. For some projects, a self-financing system and a funding contract system have been put into practice. At the same time, the departments concerned have initially established a set of contract management organs, worked out relevant rules and regulations, and practiced the principle of management at different levels of specific matters. Consequently, a new management mechanism for China's military's scientific research, with a contract system under the guidance of state planning at the core has gradually taken shape.

High-Altitude War Games Held Successfully
*OW1812133988 Beijing XINHUA in English
1438 GMT 16 Dec 88*

[Text] Beijing, December 16 (XINHUA)—Chinese troops recently successfully carried out maneuvers in high-altitude conditions, the "LIBERATION ARMY DAILY" reported today.

A unit of the People's Liberation Army (PLA) carried out 83 programs consisting of 249 routine military training exercises in the Karakorum mountains—4,000-5,000 meters above sea level.

Infantry, artillery, engineer, signals, chemical warfare and logistics units took part, the paper alerted.

They succeeded in drawing heavy artillery up to elevations of more than 5,000 meters and practiced with live ammunition.

They also practised constructing field works in frozen ground, the paper said.

Article on Administrative Litigation Law
*HK1612083188 Beijing RENMIN RIBAO
in Chinese 9 Dec 88 p 4*

[Article by Zhang Shangzhuo (1728 1424 7763): "Why It Is Necessary To Enact the Administrative Litigation Law"]

[Text] What is administrative litigation law? Why is it necessary to enact an administrative litigation law at this time? These problems are causing some concern to people at present.

Since the foundation of the state, governments at all levels have only emphasized acting in accordance with policies instead of the law. In recent years, because of the needs of realizing the four modernizations, all departments of governments at all levels, starting with departments in charge of economic affairs, should gradually understand the importance of managing economic and other administrative work through legal means (economic and administrative laws). In this way the development of our country's economic and administrative legal systems can be listed as important items in the country's agenda. During the 13th CPC National Congress last year it was mentioned that in the country's political, economic, and social life: There should be relevant laws that should be followed and strictly enforced, and whoever violates the laws should be punished. All departments of governments at all levels in our country should follow the above principles in carrying out their work so the government's administration can gradually be brought onto the track of a legal system. For this reason it was clearly mentioned at the 13th national congress that administrative legislation work should be strengthened to provide the basic standards and procedures for administrative activities, and it was clearly pointed out that special attention should be paid to the enactment of administrative litigation law.

So that governments at all levels can carry out effective administration, organs of state power have promulgated a number of administrative laws since the 3d Plenary Session of the 11th CPC Central Committee. Examples are the Conscription Law, the Patent Law, the Forestry Act, the Antiques Preservation Law, and the Security Administration Punishment Act. They have also issued many administrative laws and regulations and regional laws and regulations with an administrative aspect. However, it is regrettable that many of these administrative legal documents were not fully followed and executed when they were put into practice. In the workings of some government departments there still exist prominent phenomena whereby laws are not followed or strictly enforced and people acting contrary to the laws are not punished. For example, government health departments should direct health administration in accordance with health administration laws such as the Food Hygiene Law and the Medicine Administration Law. Education departments should direct education administration according to the Education Administration Law. Many national economic departments, like the departments of industry, agriculture, commerce, and transport, should also follow all kinds of economic administration laws in directing economic administration. This is still a fresh idea to a great many people mainly because we have for a long time, stressed doing government work in accordance with policies and not with the "law." At present, one of the reasons for the state emphasizing enactment of the Administrative Litigation Law is to guard against that the government, through trials and supervision, can effectively direct administration to safeguard proper law enforcement activities using all kinds of administrative legal documents. On the other

hand, the state can exercise necessary supervision over the law enforcement activities of government with the enactment of the administrative litigation law to prevent some government departments and their staff from: Overstepping their authority; abusing their administrative power; or not strictly following administrative legal documents, which may result in infringement of the legal rights and interests of some citizens and organizations.

To put it in a figurative way, the Administrative Litigation Law is the law stipulating that "ordinary people" can "sue officials" and how they can do it. If "an official" commits a crime, he must be punished according to the law. This was included in our country's law long ago but there were not any laws giving the "ordinary people" the right to "sue officials" with regard to any infringement of the legal rights and interests of citizens or legal persons when the government was conducting administrative activities. For example, there were administrative punishments, like imposing fines or administrative custody, which were against the law; permits that should have been were not issued without any reason being given; and so on. Only in recent years have there been any laws and administrative regulations providing such stipulations. According to incomplete statistics there are over 130 laws and administrative regulations at the central level stipulating that the "ordinary people" can "sue the government" in court. These stipulations are concerned with state administrative work in the aspects of public security, commercial and industrial administration, taxation, prices, land, environmental protection, and so on.

Under such circumstances—in order for the courts to promptly handle administrative cases according to legal proceedings, for proper law enforcement activities conducted by governments at all levels to be supported by the court and necessary restrictions to be imposed on improper law enforcement activities through trials and supervision in order to safeguard the legal rights and property of every citizen and organization under the administrative law—it is completely necessary to pay close attention to the enactment of an Administrative Litigation Law applicable to the whole country. This is a manifestation of our country's development of people's democracy and a perfect socialist legal system. The promulgation of such an important law will also be beneficial to further deepening reform of the economic and political systems. It can also guarantee that governments at all levels effectively overcome all kinds of bureaucracy and corruption in their work under the law.

'Roundup' Notes Efforts To Check Inflation
OW1712091888 Beijing XINHUA in English
0743 GMT 17 Dec 88

[("Roundup: China Strives To Check Inflation"—XINHUA headline]

[Text] Beijing, December 17 (XINHUA correspondent Chen Ming)—The nationwide battle against the worst inflation in the past 39 years has shown early signs of success, Chinese Government sources said today.

Government economists say that the growth rate of inflation is [word indistinct] even though the yearly figures continued to rise and reached 17 percent in October.

The monthly rate of increase slowed from 3 to 4 percent in July and August to 2.2 percent in September and 0.7 percent in October, according to the state statistical bureau.

Some economists have attributed the early success in slowing the inflationary growth rate to urgent austerity programs adopted by the Central Government in September. The government is also backing up its new policy with laws, directives and measures [word indistinct] heighten public awareness of the danger of inflation.

As a result, inflation is weakening while the market is beginning to stabilize.

Ordinary people are starting to feel more at ease and bank deposits have returned to normal.

Cutback measures on construction of non-productive projects such as hotels and office buildings have also proved effective.

However, many economists continue to blame overheating of the economy, fuelled by high public and private demand for the continued inflation.

Last year, investment in fixed assets totalled 350 billion yuan and the figure will rise to 420 billion yuan for more than 10,000 projects this year.

[word indistinct] that an excessive supply of currency and credit has caused the inflation. Yang Peixin, a research fellow with the State Council's Research Center on Economic, Technological and Social Development, disclosed that the bank issued paper currency exceeding more than 50 billion yuan in the first 11 months this year.

Facing serious inflation, the Chinese policy makers convened a meeting in September and imposed a number of new measures designed to cut aggregate demands and tighten the money supply. Their recommendations were:

—To cut investment in fixed assets by 50 billion yuan next year. The figure represents approximately 20 percent of actual investment this year;

—[Word indistinct] limit the purchasing power of government agencies, factories and businesses;

—To stabilize the financial situation and tighten control over the money and credit supply of six major banks;

—To slow down economic growth next year; and

—To crack down on profiteering by officials who use their positions to profit from differences between state-controlled prices and free market prices for scarce products. [words indistinct] economists support China's anti-inflation policy. Stanley Fischer, the World Bank's vice-president and chief economist, said that China was "wise" to tackle inflation now.

The Chinese leadership has repeatedly stressed that these new measures do not amount to an abandonment of the overall policy of reforms or a return to centralized control of the economy.

The government will continue to promote enterprise reform. And other economic reforms, such as the privatization of public-owned housing and the issuing of shares and bonds, will proceed as planned.

Despite obvious difficulties, many economists believe that China will be able to ride out the storm, as its economy is stronger than that of some countries which have faced similar high inflation in the past.

The reasons for their continued optimism are as follows:

First, China responded quickly to inflationary danger signals, they say. This has enabled the country to tackle inflation without sacrificing basic national goals, especially the country's long-term modernization program.

Secondly, they said, China's overall record of high-growth, low-inflation and economic stability in the last decade has been good. From 1980 to 1987, the gross national product (GNP) grew by an annual average rate of 9.8 percent, while the retail price index, by 4.4 percent.

Article Outlines 'Aim of Price Reform'
*OW1612044188 Beijing GUANGMING RIBAO
in Chinese 26 Nov 88 p 3*

[Article by Wu Shuqing (0702 2885 7230) and Lin Gang (2651 1511): "On the Change of the Mechanism for Price Formation"; first paragraph is GUANGMING RIBAO-supplied precis]

[Text] The change in the mechanism for price formation—namely, the "relaxation of price controls" itself—is not the aim of price reform. The aim of price reform is to establish rational price ratios between different kinds of products. If both of them are equated, price reform will be in a predicament. In linking the relaxation of price controls with the rationalization of price ratios, there must be a series of important preconditions. Of these, the most fundamental is that the total supply and demand must be more or less in balance. However, given China's practical economic conditions, it is very difficult to reduce the money supply in a short time to enable the total supply and demand to be at more or less the same

level. Therefore, it is obviously more practical and rational to relax price controls by stages and by groups than to relax them all at once.

Briefly speaking, the so-called change in the mechanism for price formation is to change the old fixed-price system, where prices are set by the state, and to have the prices of the vast majority of products formed and regulated automatically under the impact of various interacting market forces. With this change, price-setting power will go from the state's Price Control Department to various enterprises. While competing in the market, enterprises will decide on the prices of their products by themselves, on the basis of the material and manpower consumed in production and the supply and demand situation. However, the change in the mechanism for price formation—that is, the "relaxation of price controls" itself—is not the aim of price reform. The aim of price reform is to establish rational price ratios between different kinds of products to accelerate the development of productive forces in society. It should be noted that the pattern of the change in the price-formation mechanism characterized by the "relaxation of price controls" and the series of transitional measures adopted in the process of this change are all subordinate to the fundamental aim of establishing rational price ratios.

Under the traditional economic system, prices are fixed by the state. This has been the case for decades. Prices fixed in this way neither reflect materials and manpower consumed in production nor show the supply and demand situation. They serve only as tangible counters in implementing the system of mandatory plans. This kind of price system has resulted in a serious distortion of price ratios with a host of bad consequences that are publicly known. The pattern of price reform oriented to the "relaxation of price controls" and envisaging the system of free prices for most products as a new price system, is based on the hope that such a reform will release the various market forces and, through the interaction of these forces, distorted price ratios will be straightened. It is also hoped that, because of automatic regulation by interacting market forces, price ratios will continue to be maintained at a rational level. Practical reform in the past few years has shown that the relaxation of price controls did play a positive role in rationalizing price ratios to a certain extent and within a certain scope. However, it would be an obvious conceptual confusion to equate the relaxation of price controls to the aim of price reform. If we plan and institute a change in the price-formation mechanism on the basis of this confused concept, we shall not only bring about disorder in our real economic life, but eventually place the reform itself in a predicament.

Unfortunately, at present this confusion exists both theoretically and in our actual work. It is manifested in the negation of the principle of coexistence of state-fixed and market-established prices in the course of a gradual transition to an overall free price system in the market. People with this kind of thinking suggest that the prices

of most products be decontrolled at once. They hold that decontrol will solve every problem. In reality, this is to unconditionally equate the rationalization of price ratios to the comprehensive relaxation of price controls, while ignoring the preconditions for linking the two together.

Then, what are the major preconditions for linking the relaxation of price controls with the rationalization of price ratios? This question involves many aspects of our economic system—for example, whether there is a fairly perfect mechanism for competition in the market, whether a sufficiently tight budget system exists to restrain various enterprises functioning as basic elements of the market, and whether the organization of the market and relevant laws and regulations are perfect. Here, we shall only discuss the most fundamental precondition—that is, the total supply and demand must be more or less in balance. If the total demand exceeds the total supply, an all-round relaxation of price controls means an all-round price hike. The current question is whether we will be able, within a short period (6 months or a year, for example), to cut the supply of money to such an extent that the total demand and total supply will be at more and less the same level or, still better, the total demand will be a little less than the total supply, thereby meeting the precondition for a comprehensive relaxation of price controls. Given China's practical economic conditions, it is very hard to do so.

In the first place, we are still lacking, in fact, a "main rein" to effectively control the money supply. Not only is the central bank still functioning merely as a cashier, but there has been a great weakening of the central government's control over investment and consumption in the whole economy. Now, it is increasingly difficult to curb the scale of construction in various localities. Even though forceful measures were taken to curb the construction scale, it would still be hard to maintain the balance between total demand and total supply for a long time. Under such circumstances, the government often has no alternative but to reimpose control over some prices that were once decontrolled.

Second, a forceful, unified method to curb the scale of construction will lead to economic slackening and loss of speed in the sort of economic growth speed necessary to a developing country like ours. One of the reasons for the overheated economic growth appearing time and again in our country is our failure to eliminate the strong inertia of quantitative expansion under the traditional economic system. However, overheated economic growth is also directly connected with the fact that our country's economic growth is coupled with a very high population growth rate, and consequently there is enormous pressure to provide employment. It is estimated that in the next 10 years, the number of people requiring employment will increase by about 16 million annually. In addition, every year about 9 million rural laborers come to work in industrial and other fields. To cope with this, there must be new investment and additional spending on wages, amounting to tens of billions of yuan

each year. If we do not maintain a certain investment scale and economic growth speed, not only will the people's per-capita income remain unchanged and even decline with the natural growth of the population, but the employment of new laborers in the number of tens of millions each year, and the movement of rural population to industrial and other fields will also become a serious problem. This will throw our country's economy into a state similar to the so-called "classic unemployment balance" described in the theory of imbalance; that is, when the labor supply is greater than demand, the commodity supply is less than demand. Even apart from the obstruction caused by "wage rigidity," such a state of imbalance cannot be done away with through the adjustment of prices, at least under the practical conditions in our country. In other words, we cannot achieve a dual balance both in commodities and in labor by raising the commodity prices and lowering actual wages. Of course, this is not to say that our country should not and cannot bring its total supply and demand to a more or less balanced state. To prevent the bad consequences caused by overheated economic growth, we should, without doubt, try to achieve such a balance. Under present conditions in our country and for a considerable period to come, however, this balance can only be a very strained and unconsolidated balance, which cannot stand the impact of the rise of the general price level resulting from the automatic price adjustment following the all-round relaxation of price controls.

Third, while trying to achieve an overall balance between total supply and demand, we cannot ignore the question of whether their inner structures correspond. If their structures do not correspond, the overall balance achieved by cutting the money supply can only be a false, ineffective balance. If all price controls are relaxed under the condition of this ineffective balance, it will be difficult to stabilize the general balance in commodity prices and rectify distorted price ratios. The general imbalance in our country's current economy is entangled with the fact that the structures of total supply and demand are far from corresponding with each other. For a long time the processing industry in our country has grown very fast, with the result that the supply of primary products, such as energy and raw and semifinished materials, cannot meet the demand. In the price system, the unreasonably low prices of primary products are a result of the policy of encouraging the rapid growth of the processing industry and, at the same time, a cause aggravating the problem of the irrational production structure. For this reason, an appropriate price increase for primary products will undoubtedly help correct the impropriety of the production structure and increase the efficiency of utilizing our resources. However, it is wrong to assume that, if we can put the money supply under control, we may completely relax control over the prices of these products. This is because an increase in the productive capacity for these products is generally subject to the availability of natural resources. Also, due to higher demands in the scale of this field of production, the formation of additional productive capacity often

requires a larger amount and a longer term of investment. Therefore, there is little flexibility in changing the factors regulating the change in the prices of these products. On the other hand, these products are basic and indispensable to other industries, and therefore there is little flexibility in the change of demand for these products, which may regulate the change in their prices. Because of these characteristics in the primary products, even if the money supply is maintained at a low level, the prices of these products, after being decontrolled, will keep rising for a considerable period. While this price increase continues to consume the limited money supply, the producers using these primary products in their production operations will likewise raise the prices of their products sooner or later to preserve their own interests. This will trigger a chain reaction of price increases, starting with primary products. All these will force the monetary administrative authorities to act against their original intention and continually increase the supply of money, finally resulting in a big increase in the general price level. This is perhaps the reason why a structural adjustment of price ratios has unexpectedly brought about the skyrocketing general price level. As can be seen, under our country's present conditions inflation is by no means a problem of the quantitative relationship between the money supply and the price level, but a "syndrome of structure." Under these circumstances, the amount of money is not an external variable that can be controlled independent of the problem of structure. Hence, relaxing price controls under the condition of tightening the money supply can hardly be described as a good solution to the problem of distorted price ratios. In saying this, of course, we do not mean to oppose the policy of appropriate tightening (which is, no doubt, absolutely necessary). What we mean is that by simply controlling the supply of money, we cannot create the basic precondition necessary for the all-round relaxation of price controls.

In short, although our ultimate goal is a pricing formula dictated by the market, it cannot be established overnight under the present circumstances. Negligence of the reality of our basic conditions may cause social and economic shocks. At the same time, introduction of a few overall policy measures can neither solve complex problems of the "structural syndrome" nor quickly create conditions for a comprehensive pricing decontrol. Such problems can be fundamentally resolved through tenacious efforts to promote the development and reform over a protracted period. As far as the current pricing system is concerned, we should continue to readjust or decontrol prices according to changes in the trend of production and exchange conditions for different commodities so as to gradually approach the market-dictated pricing formula through protracted efforts. Given the seriously imbalanced economy and the grave gap between total supply and demand, including structural problems that cannot be rectified in the near future, it is obviously more realistic and more rational to increase, by stages and in groups, the prices of goods in short supply that have a vital bearing on the overall

situation, under unified action by the state and on a reasonable economic basis, than to let prices fluctuate in a market devoid of the basic conditions for complete and normal operations.

Commentator Advocates Strengthening Auditing Work
OW1912004188 Beijing RENMIN RIBAO in Chinese
8 Dec 88 p 5

[Commentator's article: "Bring the Supervisory Role of Auditing Into Play in Economic Management"]

[Text] The promulgation of the "Audit Regulations of the People's Republic of China" has important significance in further strengthening and perfecting the audit supervisory system.

In the course of reform, enterprises, institutions, and localities have gained greater economic benefits and relative independence. This in turn has further stimulated and developed the economy. However, contradictions between regional interests and the overall interests of the state have become more outstanding. To a certain extent, these have hindered the cause of reform and construction. For example, in recent years some localities and units have resorted to forgery to embezzle state revenues and make use of various special funds without authorization. Some competent economic departments have even infringed upon the legal rights and interests of enterprises and institutions. As a result, the State has to strengthen overall control and supervision and enforce strict auditing and supervision over budgets, revenues, and expenditures. This will ensure the better execution of state macro-control measures and promote the healthy development of economic reform and construction.

The implementation of the audit supervisory system is an important means of ensuring the rational and effective use of State funds. At present some localities, departments, and enterprises have not paid due attention to economic returns in the management and use of funds and have in some cases been very wasteful. In order to resolve this problem, on the one hand we must strengthen and improve the administration of budgets and finances. On the other, audit organs must earnestly supervise the management and use of state funds. Advanced units must be commended and violations of laws and discipline punished. This is to ensure that departments, localities, enterprises, and institutions will improve their management, enhance economic results, and raise production and income while reducing waste and expenses. In the present period of economic adjustment, shortages of funds is a salient difficulty. Audit organs must exercise their role to ensure that valuable funds are well and flexibly used and yield maximum benefits. Units being audited must coordinate with audit organs and not try to escape supervision or go their own way.

The implementation of the audit supervisory system is also an important measure to ensure that government organs remain honest. Violations of economic laws and discipline, bribery, extravagance, waste, and other corruption in some government organs and committed by some state employees are greatly despised by the people. If these phenomena are not promptly corrected, the advance of reform and construction will be affected, while the masses and the party and government will drift apart. Opposing corruption is crucial to the long-term success or failure of reform and construction. In recent years audit organs have investigated and dealt with corruption. To a certain extent, this has proven effective in checking corruption. From now on the role of audit departments must be further strengthened to ensure that party committees and people's governments at all levels maintain and carry on the fine traditions of arduous struggle and performing their duties honestly.

In the current campaign to improve the economic environment and rectify the economic order, all localities, departments, enterprises, economic activities are required to strictly execute state laws, regulations, and policies. Looking back at the investigations conducted by audit departments during the last few years, violations of financial and economic laws and regulations have been widespread because some competent economic department have been slack in law enforcement. Sometimes law enforcers and violators are directly related to one another. These circumstances require audit departments to intensify strict supervision in order to effectively ensure that state economic laws and regulations are implemented and fulfilled.

Seminar on Perfecting Contract System Ends
HK1612142988 Beijing RENMIN RIBAO in Chinese
10 Dec 88 p 1

[“Dispatch” by Jiang Shijie (3068 0013 2638): “A National Seminar on the Contract System Points Out That Stabilizing, Perfecting, and Developing the Contract System Has an Important Bearing on the Overall Situation”]

[Text] Beijing, 9 Dec—A national seminar on the contract system concluded on 8 December. After 3 days of serious discussion, the seminar pointed out that invigorating large and medium-sized enterprises by stabilizing, perfecting, and developing the contract system is an appropriate and effective measure for halting inflation, increasing effective supply, alleviating the present difficulties, and completing the economic adjustment. This problem must be viewed and treated from the high plane of strategy.

The seminar took place the 2d day after the conclusion of the national planning work conference and work meeting on economic structural reform. A number of noted personages spoke at the seminar on 6 December. An Zhiwen, party committee secretary of the State Commission for Economic Structural Reform, and Gao Di, first

vice president of the CPC Central Committee's party school, attended the seminar on 7 and 8 December. After extensive discussion, the participants pointed out that halting inflation, reducing the scale of price increases, and guaranteeing market supply will, in the final analysis, depend on the efforts of large and medium-sized enterprises to tap their potential and improve their economic results. For now, the most effective and realistic method for them to do so is to stabilize, perfect, and develop the contract system.

On the question of stabilizing the contract system, the seminar pointed out that improving the economic environment and rectifying the economic order will provide a good external condition for deepening enterprise reform. But viewed from the present situation, the contract system is facing a severe test. This finds expression not only in the shortages of energy, transportation facilities, important raw materials, and funds but also in the ineffective implementation of the "Enterprise Law," the "regulations on contracts," and various types of autonomy granted to enterprises. The powers that were delegated to enterprises have either been revoked or withdrawn. For example, in working out regulatory and control measures, some departments emphasize limiting powers of enterprises to the neglect of their reform and opening up to the world or without consideration for separating government administration from enterprise management, as proposed by the 3d Plenary Session of the 13th CPC Central Committee. Some departments' regulations cannot bring into play enterprises' role of self-encouragement, self-development, and self-control, and these departments have even gone so far as to withdraw the power of carrying out simple reproduction. In such cases, enterprises have found it difficult to engage in normal production and operations or to persist in the contract system. The consequences are dreadful to contemplate. The seminar pointed out that the higher authorities and the lower levels should have a good understanding of this point: Enterprises will remain stable when the contract system is stable; the economy will remain stable when enterprises are stable; the market will remain stable when the economy is stable; and the overall situation will remain stable when the market is stable.

The seminar pointed out that the purpose of perfecting the contract system is to bring its role into better play. Externally speaking, first, it is necessary to make it clear that the contract system implemented in large- and medium-sized enterprises will remain unchanged because the longer the contract term, the better the results. Second, in coordination with the adjustment of the industrial structure, enterprises providing effective supply should be allowed to retain all the extra basic figures, as is being exercised in the Shoudu Steel Factory and the No 2 Automobile Factory. Third, there is a need to link total wages to economic results to encourage employees to work harder for more pay. Fourth, it is necessary to introduce the all-personnel contract system

including operators and producers, to bring their initiative into full play. Internally speaking, it is necessary to carry out a "thorough vertical and lateral" contract system, to strengthen and improve enterprise management, optimize the organization of labor, and promote technological progress.

Developing the contract system consists of the following two aspects: First, it is necessary to change the allotment system into a contract system. So far eight departments are still carrying out the allotment system. These include the metallurgical, railway, coal, oil, petrochemical, and nonferrous metal departments. With the exception of enterprises under the metallurgical and railway departments, the rest do not have autonomy in the fields of personnel, finance, materials, production, supply, sales, and foreign trade; they are still eating from the same big pot. This has made it impossible to halt the fall in central enterprises' profits. The above enterprises have great potential to tap and a strong desire to introduce the contract system. Therefore it is necessary to turn the allotment system into a contract system to bring about further progress in a large number of key enterprises dealing in energy, raw materials, communications, and transportation. Second, focusing on the contract system, the planning, investment, material supply, and foreign trade systems should be reformed, and investment and foreign trade autonomy should be granted to large- and medium-sized enterprises that have produced good economic results and social benefit [shehui xiaoyi 4357 2585 2400 4135] since the implementation of the contract system.

Officials Increase Tax Collection Targets
HK1812084488 Beijing CHINA DAILY in English
17 Dec 88 p 1

[By staff reporter Ma Lixin]

[Text] Chinese taxation officials have increased this year's target for tax collections from industries and commercial businesses.

Authorities had planned to collect 152 billion yuan from these sources.

But this has now been raised to 155 billion yuan, Jin Xin, head of the newly-founded State Taxation Administration, said.

Jin said the new target should alleviate the tension on the State budget and help fight the many problems plaguing tax collections in the country.

He said many local taxation departments are still exceeding their authority by giving tax breaks and exemptions without State permission.

Tax evasion is rampant nationwide and out of State control, he said.

In addition, delays in paying taxes have become increasingly more common, causing tax collections to fall short of the target.

Jin said measures to solve these problems being adopted include drafting national tax laws that will supersede local regulations and beefing up enforcement.

The growing importance of taxation in China can be seen by the elevation of the State Taxation Administration from a division of the Ministry of Finance to a body coming directly under the State Council. The new administration formally started this month.

Taxes now account for more than 80 percent of China's State revenue and are an important means of regulating the country's economic development.

National financial inspections are carried out from time to time to check illegal activities.

Individuals, Not State, To Run Public Utilities
HK1712084288 Beijing CHINA DAILY in English
17 Dec 88 p 1

[By staff reporter Wen Jia]

[Text] Public utilities in cities in China will be opened to individuals to run as businesses for the first time since the republic was founded in 1949, Minister of Construction Lin Hanxiong said yesterday.

Until now all public utilities including power, gas, coal, water, and buses have been operated as government monopolies.

However, the development of urban utilities will now be based on the principle that investor and operator should both benefit, Lin told an on-going national construction conference in Beijing.

He said the State aims to have utilities financed mostly by users as the country turns to a commodity economy from a planned one.

"Such urban public utilities as coal and gas supplies can be run privately or by work units," he said.

"We should tap the enthusiasm of local departments, businesses and individuals in developing urban public utilities," he added.

The Minister said unrealistically low utility charges have resulted in "alarming wastes" and have forced the government to shoulder a heavy burden.

Water prices are so low that some enterprises use tap water to dilute their sewage wastes. It is cheaper to pay for the water than install anti-pollution measures.

Beijing's industrial businesses pay only 25 fen per ton of tap water a price raised from 21 fen last August. Residents pay a mere 12 fen a ton, the price of an ice-lolly. Yet, the city's water corporation has been racking up losses for years.

Public utilities in other cities are in the same boat. Shanghai's utilities lost 16 million yuan last year because their fees were so low.

The State has to pay out billions in subsidies. The national subsidy on urban buses exceeds 1.5 billion yuan a year.

Li said price increases are inevitable to end what he called the "irrational pricing system."

State-owned enterprises of public utilities should be more profit-minded when they are providing services to industries. For example, he said, tolls could be slapped on bridges or tunnels.

Price reform will be difficult, however, in light of the country's determination to curb inflation and bring greater stability to the economic order.

To mitigate the effect that the new measures will create on the people's life, the Minister promised that the civil use of the urban facilities will continually be run at a marginal profit.

Nomadic Herdsman To Pay for Grazing Land
OW1812130588 Beijing XINHUA in English
0648 GMT 14 Dec 88

[Text] Hohhot, December 14 (XINHUA)—For the first time in the history of China, the nomadic herdsman of [words indistinct] county in Inner Mongolia are being asked to pay for their use of pasture land.

The measure is already being enforced in some townships and will be adopted throughout the county by 1990.

According to county headman Han Zhiran, the pay-for-pasture measures are designed to reverse the deteriorating condition of the once-lush grasslands.

In recent decades the reduction of pasture land has accelerated in China, and in Inner Mongolia alone, 70 percent of the land used to graze livestock has become seriously eroded.

The quantity of forage grass has declined by 30 to 50 percent because of sand erosion.

However, the number of cattle being raised on the diminishing grasslands is on the increase.

A record number of 800,000 additional sheep and goats are now grazing on the one million hectares of pasture land in Ar Horqin County, which has resulted in a serious overgrazing problem.

Han explained that one of the reasons the grazing fee is being imposed is because previous administrative measures and controls have been unable to stem the increase in the number of cattle run by herdsmen and the resultant destruction of land due to overgrazing.

The new tax regulations on the county's pasture area are based on the amount of grass available in a given area, with the aim of setting a reasonable amount of forage for the number of the cattle grazing on it.

"If the number of the cattle has surpassed the set quota, the herdsmen will pay five to ten yuan for each cow," Han said.

The more cattle on the deteriorating grasslands, the more the herdsmen will be charged, so that it will simply become uneconomical to overgraze the available pasture, he added.

The amounts payable will be set by county financial departments and 95 percent of the money will be used to redevelop deteriorated pasture land.

Commenting on the measures, Feng Guoxin, director of the county's Animal Husbandry and Herding Bureau, said that the measures will do away with the traditional concept of allowing an unlimited number of cattle to graze freely over available land, regardless of the damage to the land, and in the end will lead to the improvement of cattle stocks.

The payment-for-pasture scheme will also collect more funds for the redevelopment of burnt-out grazing land and lead to the reclamation of large amounts of grassland, he said.

"The payments required of most herdsmen are not high and on average—the fee charged will not surpass the value of a sheep," headman Han explained.

"Thus there is no need to worry about an increased financial burden on the herdsmen."

The new measures taken by the county are creating attention throughout the Inner Mongolia autonomous region and other counties are considering adopting similar schemes, he said.

Some Foreign Ventures Fail To Provide Capital
HK1612131088 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1251 GMT 12 Dec 88

[("About 30 Percent of Sino-Foreign Joint Ventures Fail To Provide Capital on Schedule"—ZHONGGUO TONGXUN SHE Headline]

[Text] Beijing, 12 Dec (ZHONGGUO TONGXUN SHE)—According to information released by a person from the administration for industry and commerce of China, about 30 to 40 percent of investors in Sino-foreign joint ventures in China have failed to provide capital on schedule, and some have refused to provide it at all. He said that this is the most troublesome problem with Sino-foreign joint ventures.

After a comprehensive investigation into 195 enterprises in Jiangsu Province, the Jiangsu Provincial Administration for Industry and Commerce found that 63 of them have failed to provide capital in accordance with the schedule fixed by the contracts. These enterprises amounted to 32.3 percent of the total number of those investigated. The results from Hunan Province show that 68.7 percent of the total number of enterprises investigated have failed to provide capital on schedule. The situation in Guangdong and Fujian, where there are more foreign-invested enterprises, is reportedly similar to this.

The investigation result shows that most of the parties that have failed to provide capital on schedule are foreign investors.

The reasons for not being able to provide capital on time are diversified. In some cases, the foreign enterprises went into bankruptcy soon after they formed joint ventures. In other cases, due to bad management the foreign party transferred all of its property rights to another enterprise, which then refused to take the responsibility of the original enterprise. In others it is due to the difficulties the foreign party has in raising capital after it has signed the joint venture contract; or due to changes in the international market, the enterprise has difficulty in selling the products, and the foreign side thus becomes unwilling to provide capital. Apart from this, in some individual cases foreign investors are insincere about cooperation, and therefore the joint-ventures cannot be carried on after establishment.

In cases where enterprises failed to provide capital, some were because the Chinese side did not have the required capital. In some cases, the bank agreed to issue equity loans to the Chinese side. However, due to the tight money supply, the Chinese side could not obtain the loan. In some cases, the person in charge of the Sino-foreign joint venture interfered in the independent decisionmaking power of the enterprise, and thus affected the foreign side and then it did not provide capital on schedule.

The failure to provide capital by both the Chinese and the foreign sides, or the withdrawal of investment by them before the contracts are fulfilled, have seriously affected the returns of Sino-foreign joint ventures. China has found this a headache. As reported, special meetings will be convened soon to find ways of solving the problem of the failure of Sino-foreign joint ventures to provide capital.

State Seeks 'To Boost' Foreign Owned Enterprises
*HK1912023688 Beijing CHINA DAILY
(BUSINESS WEEKLY SUPPLEMENT) in English*
19 Dec 88 p 1

[By staff reporter Yuan Zhou]

[Text] China is now opening its doors even wider to investors from abroad as it seeks to further boost the number of solely foreign owned enterprises and soft pedal on joint ventures.

With the austerity programme to improve the economic environment, it simply cannot afford to share in the funding of joint ventures to the extent it has in the past.

To further its aims, the State Planning Commission is to publish a guide to potential investment areas for foreign businessmen.

Liu Yimin, director general of the Foreign Investment Administration of the Ministry of Foreign Economic Relations and Trade, said they would particularly like to attract international investors to set up high-tech ventures which would export most or all of their products.

As an encouragement, detailed rules are to be published next year of the solely foreign-owned enterprise law along with detailed rules of the contractual joint venture law and a revised version of its equity joint venture law.

The government pledged that it would ensure observance of the laws and prevent administrative interference in foreign ventures.

Liu also said that improved services in production and material supplies would be organized in cities with the most foreign investment and the government would try to ease cash-flow problems, common in many foreign-invested firms.

China now has more than 420 entirely foreign-owned firms. Of these, 240 with a pledged investment of \$294 million were approved in the first 11 months of this year. The number and value of the new firms increased by 500 percent and 209.5 percent respectively over the same period last year.

In the first 11 months of this year, China also approved 4,561 new joint ventures with a contract investment of \$3.69 billion.

Liu put the rapid increase in solely foreign-funded enterprises down to an improved Chinese environment for investment and the fact that foreign investors now have more say in these firms.

The majority of investors in solely foreign-owned enterprises are from Hong Kong, Japan, and Singapore, operating in the areas of electronics, textiles, and tourism.

Liu disclosed that a few internationally-known conglomerates are negotiating to operate enterprises in China. If successful, they will make massive investments in the electronics, chemical and plastic industries.

Five major solely-foreign invested projects have been started in Hainan Province. The projects, which need five billion yuan for building basic facilities alone, include a one-million-kw power plant, a refinery capable of processing three million tons of oil annual, and ammonia, urea, and ethylene plants.

Liu said China would continue to give priority to the development of energy, transport, communications and scarce materials such as chemicals and cement next year.

The country especially wants foreign high-tech to improve the Chinese machinery, electronic and textile products.

He said the current official drive to improve the economic environment would not affect foreign investment.

Projects that would be delayed or halted were only those not related to production, those which worsened material shortages and those which relied on assembling imported components.

Statistics Show Increased Trade, Larger Deficit
OW1712235388 Beijing XINHUA in English
1312 GMT 17 Dec 88

[Text] Beijing, December 17 (XINHUA)—China's overall trade for the first 11 months of this year exceeded total trade for last year, according to latest customs statistics.

Imports and exports between January and November were 87.6 billion U.S. dollars. Compared with the same period last year, exports were 21 per cent higher at 41.1 billion U.S. dollars and imports 27 per cent higher at 46.5 billion U.S. dollars.

Analysts here expected the total trade figure to approach 100 billion U.S. dollars by the end of this year if the present growth rate continues. This will be China's highest trade figures yet.

But, the analysts noted, the trade deficit, which reached 5.36 billion U.S. dollars in the first 11 months, is nearly double the previous comparable period.

The 1987 deficit was 3.7 billion U.S. dollars, 8.3 billion less than in 1986.

The monthly deficits have been getting progressively higher since June this year when the deficit was less than 1.15 billion U.S. dollars.

Trade analysts attributed the heavier deficit to sharp rises of imports by foreign investment companies and coastal processing industries.

At the same time, shortages of goods and higher prices have pushed up the costs of exporting and the prices of exports.

According to a trade analyst, demand for imported goods is still running high. Administrative controls, which are [word indistinct] in the short run, have not alleviated the longer term structural imbalance in China's foreign trade situation.

The latest customs figure shows that China's trade with most major partners remained in deficit by November, with the principal exception being Hong Kong. However, exports to Japan and the European Community are growing faster than imports.

Textile Exports Increase in 1988
OW1712145188 Beijing XINHUA in English
0908 GMT 17 Dec 88

[text] Beijing, December 17 (XINHUA)—China's textile products exports have made great strides this year, according to today's "ECONOMIC NEWS".

According to income statistics, from January to September this year, the export volume of textile products reached 6.758 billion U.S. dollars, 5.91 percent higher than in the same period last year. The volume was 98.37 percent above the state quota.

By the end of the year, textile products exports are expected to reach nine billion U.S. dollars-worth.

The main products which saw export increases include cotton goods, cotton knitwear, woolen knitwear, polyester-cotton knitwear, staple rayon knitwear, garments and silk products.

Products the exports of which did not reach the state quota and were also lower than for the same period of last year, included cotton yarn, cotton-polyester yarn, cotton-ramie yarn, cotton cloth, cotton-polyester cloth, cotton-ramie cloth, nylon knitwear and woolen blankets.

Construction Minister Urges Real Estate Control
HK1612042188 Beijing ZHONGGUO XINWEN SHE
in Chinese 1118 GMT 12 Dec 88

[“China Will Strengthen Its Real Estate Market Management”—ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 12 Dec (ZHONGGUO XINWEN SHE)—Lin Hanxiong, Chinese Minister of Construction, said today that exercising stricter management over the real estate market will be an important component of the overall rectification of market order that will start next year.

Statistics compiled by the Ministry of Construction indicate that there are now over 2,700 real estate companies in the country, quite a number of which gain profits through real estate speculation. This has seriously affected the development of the real estate business.

At a national conference on construction that started today, Lin Hanxiong pointed out that beginning next year China will rectify real estate companies, look into their capital and qualifications, reregister them, and dissolve those below the relevant requirements. Real estate companies that engage in illegal activities, such as raising real estate prices at will, speculating, and evading taxes will be seriously dealt with.

To promote the healthy development of real estate business, Lin Hanxiong said, "We will formulate the "Real Estate Law" and the "Law on Housing" as soon as possible by referring to the laws and regulations of Hong Kong, Singapore, and Britain. Beginning next year, China will promulgate six policies and regulations on real estate business, which include the "provisional regulations on the price management of commercial apartments."

As the minister of construction pointed out, real estate undertakings can be carried out on a trial basis in cities having the necessary conditions, and foreign investors are allowed to invest in real estate according to the relevant Chinese law. In addition, efforts will be gradually made to set up banks from which the citizens can obtain housing loans and in which they can deposit their money for building or buying houses.

East Region

First Thermal Generator Operates in Anhui

OW1712032188 Beijing XINHUA in English
1530 GMT 16 Dec 88

[Text] Hefei, December 16 (XINHUA)—China's first single thermal power generator with a capacity of 600,000 kilowatts went into operation in Huainan City, Anhui Province, recently.

Using imported U.S. technology, the generator was manufactured and designed domestically.

The computerized generator works with automatic controls, is safe and is low on energy costs, the manufacturers said. It is up to the standards of comparable generators in operation in the early 1980s, according to power experts.

The generator, which went into operation Thursday [15 December], will help alleviate severe energy shortages in east China.

Fujian's Chen Guangyi at Poverty Work Conference

OW1712040988 Fuzhou Fujian Provincial Service
in Mandarin 1100 GMT 12 Dec 88

[Text] A State Council meeting to exchange experiences in promoting economic development in impoverished areas in south China opened in Fuzhou today. The major task of the meeting is to further implement the guidelines of the 1987 State Council document, figure out how to provide the majority of people in the impoverished areas with enough food and clothing during the period of the Seventh 5-Year Plan, and discuss and exchange experiences in how to shift gradually to a higher level of economic development after the food and clothing problem of thousands of households is solved.

Attending the meeting were leading comrades of competent departments from 12 provinces and autonomous regions, including Fujian, Zhejiang, Jiangxi, Anhui, Hunan, Hubei, Guangdong, Guangxi, Hainan, Sichuan, Guizhou, and Yunnan. Also present at the meeting were comrades from the State Planning Commission; State Nationalities Affairs Commission; Ministry of Finance; Ministry of Foreign Economic Relations and Trade; Ministry of Water Resources and Electric Power; Ministry of Agriculture, Animal Husbandry, and Fisheries; Ministry of Civil Affairs; People's Bank of China; and Agricultural Bank of China.

Comrade (Ding Rong), deputy head of the Leading Group for Economic Development in Poor Areas under the State Council, delivered a speech at the meeting. He said: The 12 south Chinese provinces' and regions' help-the-poor work has made great progress in recent years, producing valuable experiences and boasting distinguishing characteristics. Within 3 years starting 1986,

Fujian Province has appropriated 100 million yuan to establish a help-the-poor development fund to be used on 17 confirmed impoverished counties in the province. At the same time, the province has handled the funds from the central government, provincial government, and various provincial departments in accordance with the principles of overall planning, no diversion of the funds for other use, and giving priority to key projects. In the 3 years, the province meted out a total of 815 million yuan, greatly contributing to the economic development and construction in impoverished areas. Also, the Guangxi Autonomous Region sponsored training classes for cadres of impoverished areas. Jiangxi Province set up rural committees of mutual aid. Sichuan's Guangyuan, (Jianri), and other cities established help-the-poor economic organizations. Zhejiang Province organized economic organizations with lateral ties with counterparts across the province. All these practices have pushed forward the economic development work of impoverished areas.

Comrade (Ding Yuan) said: The 3d Plenary Session of the 13th CPC Central Committee ascertained the policy of improving economic environment, rectifying economic order, and comprehensively deepening reform. Although in compliance with the policy, the entire nation began reducing the scale of capital construction and tightening credit, the central government remained determined to carry out help-the-poor work. This provided us a good opportunity for development. We must take advantage of the opportunity and work hard to incorporate various help-the-poor loans into the credit and capital construction plan of the state and various provinces. In addition, we must, in accordance with the CPC Central Committee's policy of improving and rectifying the economic environment and comprehensively deepening reform, appropriately adjust development projects to lay down the priorities of economic development and meet the requirements of the new situation.

In the next few years, we should place emphasis on developing crop farming; animal husbandry; projects for exploring raw materials; farm, sideline and special local products processing; labor-intensive handicraft industry; and export of labor. We should also strengthen management of help-the-poor funds and materials. To stop frivolous spending, the central government has decided to conduct a comprehensive inspection of the use of help-the-poor funds and materials from December to next January.

Chen Guangyi, secretary of the Fujian provincial party committee, and Jia Qingling, deputy secretary of the provincial party committee, also attended the meeting in the morning to talk about Fujian's experiences in helping the poor.

Jiangsu Women's Congress Closes 30 Nov
OW1612015488 Nanjing XINHUA RIBAO in Chinese
1 Dec 88 p 1

[By Shen Yun]

[Text] The Seventh Jiangsu Provincial Women's Congress closed on the afternoon of 30 November after completing all items on the agenda in 5 days.

Gu Xiulian, Sun Jiazheng, Gu Hao, Zhou Ze, and Li Qingkui were among the leaders of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress, and the provincial government who attended the closing ceremony.

The ceremony began with the announcement of results of the first meeting of the 165-member Seventh Executive Committee: A 15-member Standing Committee was elected, with 52-year-old Hu Shanjin [5170 0810 3866], who was the former vice chairman of the provincial Family Planning Committee, as chairperson and Zhang Lianzhen [1728 6647 3791], Peng Yanru [1756 3601 1172], Chen Meiyang [7115 5019 5391], Wu [0702] [one character indistinct] yun [4596], Hu Min [5170 2404], and Xu Yongduan [1776 3057 4551] as vice chairpersons of the provincial women's federation.

Then, 505 individuals and 105 provincial collectives were conferred "8 March" red banners. The Iron Ladies Group of the No 1 Cotton Mill in Wuxi City and four other units were conferred the title of collective pacesetters under the "8 March" red banner. Jin Qingmin, associate researcher of the Nanjing Geology and Mineral Ores Institute, and 11 other comrades were conferred the title of pacesetter under the "8 March" red banner in Jiangsu.

The congress approved the work report made by Comrade Qin Suping on behalf of the Sixth Executive Committee of the provincial women's federation.

Sun Jiazheng, deputy secretary of the provincial party committee, spoke at the closing ceremony. He urged deputies to the congress as well as all women in Jiangsu to step up study, clearly assess the situation, enhance confidence, and actively take part in the reform and modernization drive. Under the slogans of respecting, trusting, relying on, and improving themselves, they should aspire to become women of the new era and contribute more to the building of socialist material and spiritual civilizations.

Mao Ziyong at Jiangxi's Agricultural Meeting
OW1712011488 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 11 Dec 88

[From the "Provincial Hookup" program]

[Excerpts] Yesterday, the Economic Research Center of the provincial people's government invited experts, scholars, and practical workers to a seminar on waging an all-out war to develop agriculture. Mao Ziyong, Wu Guanzheng, and Zhao Zengyi were also present.

At the seminar, the experts, scholars, and practical workers vigorously voiced their opinions centered around the strategy of waging an all-out agricultural development war established by the provincial party committee and the provincial government. [passage omitted]

Wu Guanzheng and Zhao Zengyi also addressed the seminar.

Wu Guanzheng said: The all-out war for agricultural development is a complicated, large-scale economic campaign taking from 5 to 7 years. To win this war, we should break down our overall target into appropriate parts and fulfill them one by one. All localities and departments should plunge into this all-out war, each assuming an appropriate position in the war. They should formulate their work plans and make arrangements for the work at various stages, centered around the overall target. They should make a success of the campaign to diversify their operations next year to change our agriculture from the present pattern, with crop growing as the mainstay, to one of diversified operations. [passage indistinct]

Wu Guanzheng requested that, in light of their own special conditions, all localities and departments study and work out policies and measures in the interest of the all-out agricultural development war and consistent with the actual situation.

In addition, he said: It is necessary to increase agricultural input, and step up infrastructural construction. Simultaneously with the diversification of operations, great efforts should be made to develop those processing industries using agricultural, livestock, and forest products as raw materials. We should do our best to optimize the varieties of our province's agricultural products and to gradually form a new production pattern whereby agriculture is promoted by industry and there is a balanced development of industry and agriculture. More efforts should be devoted to the application of science and technology to agriculture and to the implementation of the spark and bumper harvest plans. Besides, it is imperative to rectify workstyle, strengthen management, and give full play to the role of rural grass roots organizations.

Shandong CPC Committee Issues Communique 14 Dec

Date of CPC Congress Announced
SK1612023488 Jinan Shandong Provincial Service in Mandarin 2300 GMT 14 Dec 88

[Communique of the 11th Plenary Session of the 4th Shandong Provincial CPC Committee, approved by the 11th plenary session of the 4th provincial party committee on 14 December 1988]

[Text] The 11th Plenary Session of the 4th Shandong Provincial CPC Committee was held in Jinan from 11 to 14 December. Participating in this session were 69

members and 13 alternate members of the provincial party committee; and participating as observers were 28 members of the provincial Advisory Commission, 26 members of the provincial Discipline Inspection Commission, and 44 pertinent responsible comrades of the provincial People's Congress, the provincial government, the provincial CPPCC Committee, the provincial Military District, provincial-level organs, and various cities and prefectures.

It was decided at this plenary session to hold the Fifth Shandong Provincial CPC Congress in Jinan on 18 December 1988. On behalf of the Standing Committee of the provincial party committee, Comrade Jiang Chunyun explained the report of the Fourth Shandong Provincial CPC Committee and the Fifth Shandong Provincial CPC Congress. Participants in this plenary session discussed and approved in principle this report, and decided to submit this report to the fifth provincial party congress for examination and discussion. Entrusted by the Standing Committee of the provincial party committee, Comrade Liang Buting explained the suggested formulas for pertinent personnel arrangements for the Fifth Shandong Provincial CPC Committee, the provincial Advisory Commission and the provincial Discipline Inspection Commission. Comrades participating in this plenary session exchanged their views on and discussed this explanation.

A lively atmosphere of democracy and unity permeated the plenary session. The session called on party organizations at all levels and all party members in the province to further action, and unite and guide the people throughout the province to profoundly implement the guidelines of the 13th National Party Congress and the 3d Plenary Session of the 13th CPC Central Committee; to persist in the party's cardinal line; and to conscientiously improve the economic environment, rectify the economic order, and comprehensively deepen reform, in order to create a new situation in socialist modernization. Participants in the session believed that through the endeavor of all people, the Fifth Shandong Provincial CPC Congress will certainly be a united and successful congress mobilizing the people to vigorously revitalize Shandong.

Liang Buting at 18 Dec Congress Opening
SK1912071388 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 18 Dec 88

[Excerpts] The Fifth Shandong Provincial CPC Congress opened ceremoniously at the Jinan Zhenzhuquan Assembly Hall on the morning of 18 December.

The guiding ideology and major tasks of the congress are to deeply implement the guidelines of the 13th party congress and the 3d plenary session of the 13th party Central Committee; to sum up and review, in line with the principle of seeking truth from facts, the work done over the past 5 years; to proceed from the province's actual conditions to set forth the work tasks for the next

5 years; to further unify the thinking of improving the economic environment, rectifying the economic order, and comprehensively deepening reforms; to mobilize and organize the party organizations and the vast number of party members, cadres, and the masses to make efforts for realizing the tasks set forth at the 13th party congress and the 3d plenary session of the 13th party Central Committee; to consolidate and develop the province's gratifying situation; to conscientiously analyze the new situation ahead of us and the problems cropping up in the course of advance; to define the fighting goals, work tasks, and major measures for the next 5 years; and to elect leading bodies of the fifth provincial party committee. [passage omitted]

Comrade Jiang Chunyun presided over the congress, which opened at 0900. [passage omitted]

[Begin recording] [Jiang Chunyun] The Fifth Shandong Provincial CPC Congress is now open. All stand. Play the Internationale. [playing of Internationale] Now we invite Comrade Liang Buting to deliver a report to the congress on behalf of the fourth provincial party committee.

[Liang Buting] Comrades, entrusted by the fourth provincial party committee, I am going to deliver a work report to the congress for examination and discussion. The fourth provincial party congress was held in July 1983. Over the past 5 years, under the correct leadership of the party Central Committee, party organizations at various levels throughout the province united and guided the vast number of party members, cadres, and people to conscientiously implement the line, principles, and policies set forth since the 3d plenary session of the 11th party Central Committee; adhered to the four cardinal principles and the major policy of reform and opening to the outside world; regarded the economic construction as a key link; attended to both spiritual and material civilizations; followed the ideological line of seeking truth from facts, as advocated at the 3d plenary session of the 11th party Central Committee; did a good job in linking the instructions of the central authorities with the province's actual conditions; and successfully realized the major tasks defined at the fourth provincial party congress. [end recording]

Comrade Liang Buting's report was entitled Persist in the Party's Basic Line, Comprehensively Deepen Reforms, and Strive for Rejuvenating Shandong. There are about 20,000 characters and 6 parts in the report: First, we achieved great success in promoting unity, reform, and construction over the past 5 years. Second, the major tasks for economic construction in the next 5 years. Third, unswervingly and comprehensively deepen reforms. Fourth, strengthen the work in the ideological field. Fifth, bring into full play the mass organizations' role as a bridge. Sixth, strengthen the party's leadership and party building.

Comrade Liang Buting concluded:

[Begin recording] Comrades, the 5 years from this congress to the next one is a period of transition from the 1980's to the 1990's as well as a key period to comprehensively deepen reforms and rejuvenate Shandong. Therefore, achieving the work in the next 5 years, particularly, the work of improving the economic environment and rectifying the economic order in the next 2 years, is of decisive significance in realizing the fighting goal of quadrupling the annual industrial and agricultural output value by the end of this century. To realize the tasks set forth at this congress, we should place hopes on the 3.8 million hardworking party members and the 80 million industrious and courageous people of various nationalities throughout the province. Under the guidance of the guidelines of the 13th party congress and the 3d plenary session of the 13th party Central Committee, we should further be mobilized to strengthen the unity between the party and the government and between the army and the people, enhance the unity and cooperation between various democratic parties and all patriotic personages, rouse ourselves for vigorous efforts to make the country prosperous, start undertakings through arduous work, and bravely forge ahead for realizing the grand goal of Shandong's modernization. [applause] [end recording]

Seated on the rostrum were executive members of the Presidium of the congress, including Liang Buting, Lu Maozeng, Jiang Chunyun, Bao Rubing, Su Yiran, Wang Jinshan, Li Farong, Yang Xingfu, Yang Yanyin, Cui Weilin, Liu Peng, He Guoqiang, Gao Changli, Miao Fenglin, Zhang Quanqing, and Li Chunting. Also seated on the rostrum were specially invited delegates, including Zhao Lin, Gao Keting, Qin Hezhen, Chen Lei, Mu Lin, Wang Zhongyin, Song Yimin, Zhang Jingtiao and Wang Weiqin; and some honored guests, including Ma Degui, Wang Zunong, Kong Linren, (Ai Luchuan), Yang Da, Yan Qingqing, Su Yingheng, Wu Minggang, Miao Yongming, Xu Wenyuan, and (Zhang Cengkui). Responsible persons of the provincial-level departments, committees, general offices, and bureaus, and responsible persons of some county and city party committees attended the congress as observers.

Jiang Zemin at Shanghai Academic Symposium
OW1812090688 Shanghai WEN HUI BAO in Chinese
10 Dec 88 p 1

[By correspondents Han Shengbao and Tang Dezhong]

[Text] The Shanghai municipal people's government and the PLA Shanghai Garrison jointly sponsored an academic symposium on 8 and 9 December to study how to further strengthen the reform of the building of urban reserve forces, to be compatible with the new situation of reform and opening to the outside world.

The leadership of the reserve service of the people's militia was rationalized and the conventional work style of the people's militia underwent reform since the implementation of the "eight incorporations" [ba ge na ru

0360 0020 4780 0354] in the work of the reserve service of the people's militia all over Shanghai Municipality in 1984. The people's militia of the municipality has become an important force in safeguarding and developing Shanghai.

Major General Yang Zhifan, political commissar of the PLA Shanghai Garrison, presided over the meeting on 9 December. Major General Ba Zhongtan, commander of the Garrison, made a concluding speech. After evaluation, the meeting selected 20 excellent theses and awarded "Certificates of Excellent Theses" to their authors.

Jiang Zemin, secretary of the Shanghai Municipal CPC Committee and first secretary of the party committee of the PLA Shanghai Garrison, attended the meeting and delivered a speech on the relationship between building national defense and economic development. He pointed out: War is not unavoidable; however, by no means should we lower our guard on this account. We should be prepared for danger in times of peace and enhance our people's awareness of national defense. Our successes in economic development are bound to promote the building of national defense. Conversely, our improvement in the building of national defense will ensure the smooth progress of economic development. Therefore, we must sum up our experiences to do an even better job in the people's militia and the reserve service. Citing a number of instances to explain, he said: We must not wait until something has happened to think of the service of our people's armed forces. The militia as well as the reserve service is an important component part of the People's Armed Forces. The central link of the "eight incorporations" is the incorporation of business management. We must add it to the agenda of the party committee at all levels and treat it as a major integral part of business management. We must not neglect the importance of the organizations of Armed Forces. Least of all are we permitted to lay off their personnel and weaken them without authorization. Vice Mayor Ni Hongfu also spoke at the meeting.

Participating in the meeting were Major General Ren Yonggui, deputy commander of the PLA Shanghai Garrison; members of the People's Armament Committee of the Municipal Party Committee; leaders of every district, county, bureau, and factory; and comrades of the People's Armed Forces Department. The leaders of relevant departments of the General Staff Department, the General Political Department, the Nanjing Military District, the PLA Beijing Garrison, and the PLA Tianjin Garrison were also invited to attend the meeting.

Shanghai Mayor at Air Route Inauguration Banquet
OW1612225888 Shanghai City Service in Mandarin
2300 GMT 12 Dec 88

[From the "Morning News" program]

[Text] Dragonair of Hong Kong hosted a banquet on the evening of 12 December at Jinjiang Hotel to celebrate the success of its initial flight to Shanghai.

Mayor Zhu Rongji attended the banquet as a guest. In a speech delivered at the banquet, he extended congratulations to Dragonair on its successful initial flight to Shanghai on behalf of Jiang Zemin and other leading comrades concerned of the municipality. He said: It is delightful that Dragonair has made this first flight to Shanghai. Shanghai's passenger transport volume is too large to handle. For this reason, the development of transportation is a must. It is beneficial for the people of Shanghai that Dragonair has opened this air route to Shanghai. On behalf of the municipal government, he expressed gratitude to friends of various social sectors in Hong Kong who are concerned about and support Shanghai's construction.

Among those present at the banquet were (Cao Guangbiao), vice chairman of the airline's Board of Directors; President (Su Haiwen); and (Su Gaopei) and (Qing Lishi), members of the Board of Directors of the airline.

Dragonair is a private joint venture which has four Boeing 737 aircraft. Its total registered capital is HK\$600 million. Mr Bao Yugang [Yue-kong Pao] is the chairman of the Board of Directors.

Since its founding in April 1985, Dragonair has opened 10 air service routes on the mainland. For the Hong Kong-Shanghai route opened on 12 December, there will be two chartered flights weekly, on Monday and Friday. The one way flight time is 2 hours.

Shanghai Crops Affected by 3-Month Drought
OW1712191888 Beijing XINHUA in English
1514 GMT 17 Dec 88

[Text] Shanghai, December 17 (XINHUA)—Shanghai has been suffering a drought in the last three months with total rainfall of 6.6 millimeters, according to the municipal meteorological observatory.

Qian Xinhua, an official of the observatory, said there has rarely been this little rainfall since 1873, when the observatory first started keeping records.

The city's rainfall averaged 70.1 mm in October, 53.4 mm in November and 38.5 mm in December between 1873 and 1972. This year has seen 4.3 mm of rainfall in October, 2.2 mm in November and 0.1 mm this month.

An official in charge of agriculture said the severe drought has affected crops. According to one estimate, 10 percent of wheat and barley seedlings on Shanghai's 146,600 hectares of crop fields have not grown uniformly, and seedlings have not grown at all on five percent of the sown areas.

Shanghai Agricultural Banks Increase Deposits
OW1912002388 Beijing XINHUA in English
1513 GMT 18 Dec 88

[Text] Shanghai, December 18 (XINHUA)—Agricultural banks and rural credit cooperatives in Shanghai's suburban areas took in savings deposits totaling 3.9 billion yuan by the end of November, 20.9 percent more than last year, XINHUA learned today.

This year, the banks and credit cooperatives there have adopted new measures to attract more savings deposits, including offering premiums for fixed deposits.

At the same time, the banks and credit cooperatives have increased loans to local enterprises.

According to statistics, in the first ten months this year, the Shanghai agricultural banks granted 1.2 billion yuan of loans to 780 enterprises which produce goods for export 2.2 billion yuan to 2,200 enterprises which produce brand-name products of high quality.

Activities of Zhejiang's Xue Ju Highlighted

Promotes Educational Development
OW1812122288 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 13 Dec 88

[From the "Provincial Hookup" program]

[Text] Xue Ju, secretary of the provincial party committee, and Shen Zulun, deputy secretary of the committee and concurrently provincial governor, took the lead in responding to the proposal of setting up the provincial people's education foundation and donated 1,000 yuan each to the foundation.

Comrades Xue Ju and Shen Zulun were very pleased when they heard that a number of well-known personages and entrepreneurs were working for the establishment of the provincial people's educational foundation. They said that only when the entire society shows concern for education can it be developed and flourish. The two leaders not only made specific enquiries about the establishment of the foundation, but also sent their inscriptions and letters to the foundation. The inscriptions sent by Comrade Xue Ju read: "May All Society Show Concern for Education and Support Its Development." In his letter Comrade Shen Zulun said: I have learned a great deal from the exemplary act of Comrade Xia Yan in donating his money for educational fund. It is incumbent on me, as a responsible person of the provincial government, to do my best to promote the development of education by every possible means. Nevertheless, the undertaking of education still needs the support of all the society. It will need combined efforts of every sector of the society to develop education. I very much hope that everyone in society will

emulate the valuable example of Comrade Xia Yan and all those personages who warmheartedly dedicate themselves to education to do the best he can to fulfill his share of obligation.

Meets Model Workers 13 Dec
OW1812233088 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 13 Dec 88

[From the "Provincial Hookup" program]

[Text] The provincial model workers of 1987 [as heard] have been selected. Vice Governor Xu Xingguan announced the provincial government decision for commendation and the namelist of 108 model workers at a forum held for the representatives of model workers on 13 December. Xue Ju, Shen Zulun, Ge Hongsheng, Wang Zhonglu, and other leading comrades of the provincial party committee and the provincial government cordially met with some of the representatives of the model workers, held heart-to-heart discussions with them, and had group photographs taken with them.

A large number of advanced and model personages have emerged from all fields of endeavor in our province in 1987. The 108 provincial model workers receiving commendation are the most outstanding figures among them. It has come to the attention of this reporter that 107 of the 108 provincial model workers are newly elected. Most of them are middle-aged or young men.

In this regard, Xue Ju, secretary of the provincial party committee, commented: Many new talents have distinguished themselves among the model workers. The hope of our nation rests with them. We are very pleased. He called on the model workers to continue to act as exemplary vanguards and to make contributions to implementing the guidelines of the 3d Plenary Session of the 13th CPC Central Committee. He called on people throughout the province to emulate the model workers, to rouse themselves with force and spirit, and to work hard and carry on an arduous struggle, so as to acquit themselves splendidly in fulfilling the various tasks of economic and social development in the province.

Zhejiang Agricultural Official on Current Drought
OW1612132688 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 10 Dec 88

[From the "Provincial Hookup" program]

[Excerpts] Since the beginning of the winter season, our province has been hit by a persistent drought rarely seen in the past 30 years or so. The drought has had a serious adverse effect on agricultural production, especially winter crops, citrus, and other cash crops. With regard to the question of how to combat the drought and help the people tide over this natural disaster, a station reporter

had an interview yesterday with Comrade (Wu Zhanrong), deputy director of the provincial department of agriculture. The following is a recording of their conversation:

[Begin recording] [Reporter] Deputy Director (Wu), since the arrival of the winter season, our province has been affected by drought. What are the characteristics of this year's drought?

[(Wu)] First of all, one of the characteristics of this year's drought is that it is rather persistent. Up to now, the drought has continued for some 2 months. This has been a period with the least rainfall in winter since 1954. Second, most ponds and reservoirs on mountains and mountain slopes have dried up. In plains and low-lying areas, the groundwater level has also dropped, and the soil contains less moisture than usual. According to the weather department's forecast, the dry spell will continue. This matter deserves our great attention.

[Reporter] In your view, what are the effects of this persistent drought on agricultural production in our province?

[(Wu)] There are many effects on agricultural production. The main effect is the damage to winter crops. Because of the drought, winter crop seedlings have not come out. There are about 500,000 to 600,000 mu of fields in the province that have been sown to winter crops but so far seedlings have not come out. [passage omitted] As for citrus trees, over 60 percent have withered leaves and branches.

[Reporter] To ensure a good harvest next year, in your opinion, what measures should be taken at this time?

[(Wu)] In view of the drought situation at present, all localities must go all out to combat the disaster and overcome the idea of doing nothing but wait for rain. They must combat the drought to ensure seedling growth as an urgent task at present in rural areas. As regards specific measures, the first is irrigation. Where there are irrigation facilities, they should be fully utilized to bring water to winter crop fields and citrus orchards. Where irrigation facilities are inadequate, it is necessary to display the shoulder pole spirit, that is, to mobilize the numerous households to carry water to the fields with buckets and shoulder poles. The second measure is winter plowing and banking [a measure to conserve soil moisture]. [passage omitted] [end recording]

Central-South Region

Guangdong Faces 'Lengthy Recession' Next Year
HK1712083988 Hong Kong HONGKONG STANDARD in English 17 Dec 88 p 6

[By Fan Cheuk-wan]

[Text] Guangdong, China's wealthiest province, faces a lengthy recession next year as the money supply tightens, a Guangdong economic analyst said yesterday.

Severe money supply restrictions under the central government's strict control of credit and loans will largely handicap the development of the province's small-scale townships and rural enterprises, he said.

Mr Zhang Yuanyuan, vice-chairman of the Guangdong Association of Social Sciences, said thousands of township and rural enterprises were facing great financial difficulties under the austerity campaign.

Mr Zhang, who is also the director of the China Financial Society and the vice-president of the Guangdong Financial Society, estimated all enterprises in Guangdong would face a total shortage of about 1.3 billion yuan (HK\$ [Hong Kong dollar] 2.7 billion) of funds early next year.

"At the beginning of each year, they must purchase agricultural by-products and industrial raw material for the production. The fund shortage will hinder their development in the coming three months," he said.

"A lack of money supply will lead to a recession at around next March. If the money supply is not relaxed at that time, the recession will last for the whole second season of next year," he said.

Mr Zhang said the recession would be a blow to the light industries and processing industries run by the townships and rural enterprises.

"The industrial growth rate of Guangdong reached 31 percent in the first half year when compared to the same period last year, but it is now expected to exceed 20 percent for the whole year," he said.

Mr Zhang estimated Guangdong's industrial growth rate would slip back to between 10 and 15 percent next year.

"For example, the Foshan City and the four counties of Nanhai, Shunde, Sanshui and Gaoming have borrowed an accumulated amount of one billion yuan (HK\$2.1 billion) industrial loans," Mr Zhang said.

"A portion of the loans will reach the date due early next year and it is unlikely that they can return the loans according to the set schedule.

"As the enterprises must return the money before any new loans are granted under the strict central regulations over credit and loans, they will face a desperate fund shortage.

"The central government has stepped up stern measures to control money supply. The banks have asked all the enterprises to return their loans immediately after they expire."

Although a large amount of foreign exchange, about HK\$5 billion to HK\$6 billion, was circulating in the Pearl River Delta, Mr Zhang said a cash crisis in Guangdong could not be avoided.

"The Chinese-produced raw materials and agricultural by-products must be bought in renminbi. The Hong Kong dollar is legally forbidden to be used in the transaction," he said.

According to the state plan set last year, China should issue a total of 19 billion yuan (HK\$40 billion) of currency this year.

"But the nationwide bank runs have aggravated the currency shortage in the banks and the central bank has already issued more than 50 billion yuan (HK\$105 billion).

Guangxi Praises PLA Contribution to Border Area
*HK1612121988 Beijing RENMIN RIBAO
in Chinese 10 Dec 88 p 4*

[“XINHUA report” by reporter Li Shiyuan (2621 4258 0337): “Government and Masses of the Guangxi Zhuang Autonomous Region Praise the PLA’s Contribution to Defending and Building the Border Region”]

[Text] Nanning, 9 Dec (XINHUA)—On the eve of the 30th anniversary of the establishment of the Guangxi Zhuang Autonomous Region, Wei Chunshu, chairman of the autonomous region, warmly praised the PLA's outstanding contribution to defending and building the borders. He said: The People's Army in Guangxi "has achieved successes in the southern border region, and has been praised on the land of the Zhuang nationality. They are brothers of the Zhuang people."

Wei Chunshu asked: Whose feelings are the most sincere in the world? The PLA is the most sincere to the people. It is precisely because of the selflessness, dauntlessness and efforts made by the People's Army to defend the borders with their lives and blood, that the people in Guangxi can keep their minds on their work and live a happy life. He told the reporters: Guangxi is a region with a long border line located on the southern border of the country. In recent years, the PLA fighters have held fast to their positions to defend the borders of the motherland, and the homeland of the Zhuang people. Since the counterattack in self-defense in 1979, the frontier guards in Guangxi have repeatedly repulsed armed provocation from Vietnamese troops, and many comrades gave their lives. In the course of fulfilling the task of defending the border, resisting the enemy, and carrying out war preparedness, military training, and so on, troops stationed in Guangxi bear in mind the aim of the People's Army. They actively support local governments in developing production, and in making the border economy prosperous. They enthusiastically propagate the party policy for enriching the people. They take

the initiative to help the masses build roads and bridges, to dig ponds for storing water, and to improve the environment. According to incomplete statistics, over the past 3 years, various units have sent out more than 2,000 groups to various localities to help the poor. They have run more than 3,000 evening schools, and held more than 1,000 forums with the aim of spreading knowledge. In the villages of the Zhuang people, they help villages to get rich, and popularize technical knowledge so that many poor villages can change their backward conditions.

Wei Chushu stressed: The PLA is the backer of the people. When natural calamities such as floods, fire and so on occur, it is the PLA which stands on the frontline to combat them. With the support of the PLA, we fear no difficulties no matter how immense they are. He told the reporters: In 1986 when a strong gale was attacking Qinzhou, Nanning and other cities, tens of thousands of people suffered. The Air Force took immediate action to drop relief supplies to help the people to tide over difficulties. At the end of August this year some highways were flooded, and automobiles could not pass. PLA fighters and commanders swam to the disaster area to provide relief. In the first half of November, forest fires broke out in Shanglin, Bingyang, Wuming, and elsewhere, it was the People's Army again which took the lead in extinguishing the fires. Hungry and thirsty as our soldiers were, they helped the masses put out the fire to protect forest resources covering an area exceeding 10,000 mu. The PLA fighters observe strict discipline, and never commit even the slightest offense. They are fully trusted by the people. Wei Chushu stressed: Over the past 5 years or so since I became chairman of the autonomous region, I have gone into the countryside a great deal. Wherever I go, I always hear the masses enthusiastically praising the PLA.

Activities of Hubei's Guan Guangfu Highlighted

Attends Procuratorial Work Conference HK1912012188 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 16 Dec 88

[Text] A provincial procuratorial work conference which ended today pointed out: Next year the procuratorial work of our province will concentrate on striking relentless blows at criminal activities of corruption and bribery, make great contributions to the important task of keeping party and government organs clear of corruption, and continue to severely and quickly crack down on serious crimes so as to maintain good social order and safeguard stability and unity.

During the meeting, Secretary Guan Guangfu of the provincial party committee listened to a briefing given by Zhong Shuqin, chief procurator of the provincial People's Procuratorate, and gave his instructions on the province's procuratorial work. Provincial party committee Standing Committee member Tian Qiyu made a closing speech at

the meeting. Guan Guangfu, Guo Zhenqian, Zhao Fulin, Huang Zhizhen, Tian Qiyu, Tian Ying, and other leading comrades of the province attended the meeting and called on all the representatives.

The meeting urged people's procuratorates at all levels to concentrate leadership, manpower, and material resources on handling criminal cases and to pay adequate attention to the work of registering people's complaints regarding crimes. Meanwhile, people's procuratorates should establish closer ties with departments of discipline inspection, supervision, auditing, commerce and industry, tax, and customs and institute a system of keeping in contact with each other and a system of exchanging files on criminal cases. The struggle of punishing severely serious criminals should never be weakened, so as to attain the strategic goal set by the party Central Committee of keeping corruption and social crimes to a minimum and make contributions to maintaining good and steady social order.

The meeting also commended 40 advanced collectives and 16 advanced individuals in procuratorial work.

Accompanies Wang Enmao on Inspection HK1912065788 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 16 Dec 88

[Text] Accompanied by provincial party committee Secretary Guan Guangfu and other leaders, this morning Wang Enmao, vice chairman of the CPPCC National Committee, paid an inspection visit to the Institute of Hydrobiology under the Academy of Sciences on the banks of the Dong Hu.

Comrade Wang Enmao visited China's largest freshwater fish specimen hall and chatted with scientists and research fellows. Then he rode by car to (Wangshan) and watched with keen interest white-flag dolphins, rare mammals known as giant pandas of the water. Comrade Wang Enmao encouraged the staff of the institute to strengthen scientific research on aquatic products and to cultivate new good-quality and high-yield strains to make more contributions to the development of aquatic products.

Comrade Wang Enmao started his inspection tour of Hubei on 9 November. During the tour he has visited Yichang City, Xinzhou County, Huanggang County, and Shashi City, accompanied by Zhao Xinchu, member of the Central Advisory Commission staying in Wuhan; Xu Daoqi, chairman of the Hubei Provincial Advisory Commission; and Li Haizhong, vice chairman of the Hubei Provincial People's Congress Standing Committee.

On the afternoon of 16 December leaders of the provincial government gave a briefing to Comrade Wang Enmao on economic development in Hubei.

Hunan CPC Establishes Organ Working Commission
*HK1612065188 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 14 Dec 88*

[Text] After over half a year's work the working commission for organs directly under the Hunan Provincial CPC Committee was officially established yesterday [14 December]. The commission's inaugural meeting and first work meeting were held in the provincial party committee's hall yesterday morning. Attending were: leaders of the provincial party and government, including Liu Zheng, Liu Fusheng, Wang Zhiguo, Chen Bangzhu, Shen Ruiping, Yang Lizhi, and Luo Qiuyue; administrative party member leading comrades from all departments, offices, commissions, and bureaus at the provincial level; and responsible persons from organ party committees and discipline inspection groups, totaling some 1,200.

At the meeting Chen Bangzhu, provincial party committee Standing Committee member and vice governor, first read the provincial party committee Document No 17 and announced the namelist of the working commission for organs directly under the provincial party committee.

Shen Ruiping, provincial party committee Standing Committee member, secretary general of the provincial party committee, and secretary of the working commission for organs directly under the provincial party committee, made a report: In the course of improving the environment, rectifying the order, and deepening reform, it is necessary to step up and improve the party's work of the organs and to give full play to the role of the party groups and party members. After reviewing past work done by party committees in provincial level organs, Shen Ruiping announced: The fourth committee of the party committees in provincial level organs has successfully accomplished its historical tasks. Shen Ruiping then explained the significance of establishing the working commission for organs directly under the provincial party committee. He also stated his views on how party organizations at all levels guarantee completion of improvement and rectification tasks and on stepping up party building in provincial level organs during the course of improvement and rectification.

Subsequently, Liu Fusheng, deputy secretary of the provincial party committee, spoke at the meeting. He laid stress on four points:

1. It is necessary to fully understand the importance of stepping up and improving the party's work in organs, colleges, and universities in the new period.
2. It is essential to strengthen inner-party supervision.
3. The party workers in organs, colleges, and universities must inspire their own enthusiasm and strengthen their sense of mission and of honor.

4. The party groups and administrative leaders of all units must show concern for and support the party's work.

In conclusion, Liu Zheng, deputy secretary of the provincial party committee, spoke at the meeting. He said: The establishment of the working commission for organs directly under the provincial party committee marks a new stage in the party's work in organs. After establishing the working commission it is necessary to create a new situation, to step up ideological and political work, and to do practical work. Liu Zheng also demanded: In future the working commission for organs directly under the provincial party committee must encourage party members to study, carry out reform in the organs, provide the organs with service, and strictly administer the party.

Southwest Region

Chengdu Military Region Suspends Projects
HK1812064888 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 15 Dec 88

[Text] In accordance with an instruction by the State Council and the PLA General Logistics Department on sorting out capital construction projects that are currently under way, the Chengdu Military Region has started an operation from the lower to upper level to reexamine all the 223 projects that are under construction by PLA units stationed in Yunnan, Guizhou, Sichuan, and Tibet. After the reexamination the Military Region has decided to suspend, postpone, or reduce the scale of 43 projects, which will imply a decrease of nearly 40 million yuan in capital construction investment. Meanwhile, the authorities have expressly stipulated that nobody shall violate the set procedure to approve any hotel and office building projects or any extrabudgetary projects under any pretext. The Military Region has already issued a list of suspended, postponed, or curtailed projects and rectification measures to all subordinate units for implementation.

Wu Jinghua Transferred From Tibet Due to Health
*HK1912063288 Hong Kong MING PAO in Chinese
19 Dec 88 p 9*

[“Special dispatch”: Wu Jinghua Has Been Transferred From Tibet Mainly for Health Reasons”]

[Text] According to informed sources, Wu Jinghua was earlier transferred from the post of the secretary of the Tibet Regional CPC Committee mainly for health reasons. In June and November this year, Wu was seriously ill on two occasions.

It is disclosed that, while presiding over a Standing Committee meeting of the Tibet Regional CPC Committee in Lhasa last June, he was immediately sent to the

hospital because of excessively fast palpitations. Examinations showed that his heart beat 160 times a minute. Soon afterwards, Wu was sent to Beijing for treatment and has not returned to Lhasa since then.

Last summer, Wu rested and recuperated at Beidaihe for more than a month. Then he attended the work meeting of the CPC Central Committee and the 3d Plenary Session of the 13th CPC Central Committee. When attending an internal symposium last month, he was again hospitalized because of illness. Through examination it was established that his illness was due to the plateau anoxia and exhaustion.

It is learned that Wu is still receiving medical treatment at a hospital in Beijing. He is still the first vice minister of the State Nationalities Affairs Commission, which he assumed on 3 May this year.

During his administration in Tibet, because he vigorously implemented the policy toward Tibet's upper-level and religious figures, he was called the "secretary of the lamas." Wu reportedly also met a lot of obstructions in his work in Tibet. When his transfer from Tibet was made public a few days ago, some people guessed that it was probably because the CPC top hierarchy held he did not know how to administer Tibet. Now, Wu has been transferred from Tibet for health reasons. Whether there is ground for the above-mentioned inference, we should still wait to see the future developments.

Moreover, before assigning Hu Jintao to the post of secretary of the Tibet Regional CPC Committee, the CPC had sent him to Tibet for a few days to see whether he could adapt himself to the plateau anoxia.

Hu Jintao's transfer was made known on the mainland radio on 11 December. It was not prominently reported in the mainland newspapers, the detained reasons for which are unknown.

Hu is still in Guizhou to hand over the work. He will soon leave for Beijing to listen to instructions from the CPC top hierarchy on how to administer Tibet and to make courtesy calls on Tibetan high-level personages in Beijing. He is expected to go to Tibet to take office by the end of this year.

Tibet Launches Antisplittism Education in Lhasa *HK1812065888 Lhasa Tibet Regional Service in Mandarin 1430 GMT 16 Dec 88*

[Text] According to XIZANG RIBAO, the authorities of Chengguan District of Lhasa City are conducting wider patriotic education for upholding a unified motherland and education in legality among cadres and the masses.

In carrying out the education in opposing splittism and maintaining a unified motherland, the authorities have adopted the following methods. First, wide publicity is

given to regulations released by the Lhasa Public Security Bureau, explaining to the masses that provoking riots and advocating independence of Tibet are against the regulations and that serious law breakers shall be punished by the law. Second, different methods are adopted for different types of units in a bid to carry out the education and publicity in depth. Third, In carrying out the education, stress is put on a small number of the masses who were fooled and spoke something wrong and did something wrong in the previous riots but they are still unconscious of what they did and said, and efforts are made to help them have a clearer understanding of the concept of legality and patriotism.

Through the propaganda and education, large numbers of cadres and the masses expressed one after another that they would not take part in any riots and blindly believe [words indistinct] in order to maintain the unification of the motherland. After being educated an old women and her daughter residing at the Bajiaojie Street, who took part in the two riots, both on 27 September and 1 October, said: We will never be fooled again and take part in any riots.

Student Patriotic Education Emphasized *HK1812072888 Lhasa Tibet Regional Service in Mandarin 1430 GMT 16 Dec 88*

[Text] The Lhasa City Education Department has achieved success in carrying out multiform patriotic education and fostering the idea of maintaining the unification of the motherland in middle and primary schools of the city. As a result, students of middle and primary schools of the city have enhanced their patriotic thought and strengthened confidence in upholding nationality solidarity, maintaining unification of the motherland and opposing splittism.

Following are the concrete methods adopted:

1. All levels are mobilized by all sorts of means to achieve a unanimous view on the objective and importance of carrying out patriotic education.
2. Taking the advantage of blackboard newspaper, broadcasting and routine meetings of a class, lectures on patriotic education through historical facts are given to increase the ability of students to distinguish right and wrong by themselves and guide students to speak their views on the riots that have occurred in Lhasa. Many students explained with their historical knowledge why Tibet is an inalienable part of the motherland, why Tibet cannot be separable from the embrace of the homeland, and why advocating the independence of Tibet is against historical development.
3. Patriotic education is organically linked to the encouragement of patriotic enthusiasm among students and the encouragement of hard study for the rejuvenation of the nation. Some teachers explain to students the history of

development of the motherland and Tibet, the relationship of Tibet with other provinces and the motherland, and the reason why the development of Tibet must rely on the help of the motherland and why building a flourishing Tibet is closely related to the prosperity of the motherland. [words indistinct]

Cadres, Workers in Tibet Condemn Splittists
*HK1812074888 Lhasa Tibet Regional Service
in Mandarin 1430 GMT 16 Dec 88*

[Text] From their experience in work of several years, cadres and workers of the Lhasa City grain procuring station have understood that only by strengthening nationality solidarity and maintaining a good social order can they do a more remarkable job in their work. The party branch of the grain procuring station often conducts education in patriotism and the idea of two inseparables. Workers and member staff of the station, making no distinction on the basis nationality, get on well with each other as if they are a large family. They do not speak and act in ways that are harmful to unity. Thanks to their unity as one, they have marvelously fulfilled all tasks assigned to them and the station was awarded the title of nationality solidarity model by Lhasa city this year.

On 12 December a few splittists once again stirred up riots in Lhasa, shouting reactionary slogan for independence of Tibet. Cadres and workers of the grain procuring station are deeply indignant at it. They pointed out: The act of the few splittists seriously disturbed social order and disrupted political stability and unity. Workers of the station expressed one after another that they would work hard and smash with actual deeds the scheme plotted by a few splittists of splitting the motherland and disrupting nationality solidarity.

Yunnan's Pu Chaozhu Discusses Grain Production
*OW1712060088 Beijing Domestic Service
in Mandarin 1030 GMT 12 Dec 88*

[Text] While analyzing the situation in the province's agricultural production, Pu Chaozhu, secretary of the Yunnan provincial party committee, pointed out: It is necessary to adopt a special policy for agriculture, grain production in particular, implement effective measures, and increase input. We must firmly readjust the ratio between grain and cash crops by reverting to grain the 1 million mu of high-yield farmlands which have been recklessly turned into cash-crop fields.

This year, the province assigned 3 million mu for flue-cured tobacco, but the actual tobacco growing acreage is 4 million mu. The province's flue-cured tobacco is a record 1 million metric tons, while grain production was deprived of large areas of fine farmland. Pu Chaozhu said: The idea that grain can be bought for cash and that no one can get rich by growing grain is wrong and will affect overall economic stability. Per capita farmland in Yunnan is lower than the national average. Too big a

drop in grain acreage has brought great difficulties to grain production. Currently, Yunnan's per capita grain is lower than the national average by over 100 kg. Tobacco growers in major producing areas are complaining endlessly, in spite of a bumper harvest. As the law of value dictates, dwindling grain production has led to higher prices, and this has largely canceled out their income from tobacco.

Yunnan will make readjustments in three areas, namely, the ratio between industry and agriculture, that between grain and cash crops, and investment and credit patterns. We should cool down a little insofar as industrial growth rates and flue-cured tobacco are concerned, in order to create a fine environment for steady and sound agricultural development.

North Region

Activities of Beijing's Li Ximing Highlighted

At Enterprise Reform Meeting 6 Dec
*SK1912082988 Beijing BEIJING RIBAO
in Chinese 7 Dec 88 p 1*

[Text] To further implement the "CPC Central Committee's Circular on Strengthening and Improving Enterprises' Ideological and Political Work" and deepen the reform of enterprises' leadership system, the industrial department under the municipal party committee and the municipal economic commission cosponsored a meeting on 6 December to exchange experiences of industrial enterprises in separating party functions from administrative management. More than 400 plant directors and party committee secretaries from large and medium-sized enterprises attended the meeting. Li Ximing, secretary of the municipal party committee, and Li Zhiqian, member of the municipal party committee Standing Committee and director of the Propaganda Department, attended the meeting.

Since the beginning of this year, the industrial enterprises throughout the municipality have positively and steadily carried out the work of separating party functions from administrative management in line with the guidelines of the 13th party congress and the arrangements made by the municipal party committee. According to the statistics compiled from 940 enterprises under 14 general companies (bureaus), 530 enterprises, or 56 percent, have carried out the system of separating party functions from administrative management. At the meeting, six plants, including the Beijing leather goods plant, the Beijing electrical machinery plant, and the Beijing paper mill, introduced their experiences in carrying out the new system of the plant director assuming overall responsibility for conducting the ideological and political work for the staff and workers after the separation of party functions and administrative management and bringing into play the party committees' guaranteeing and supervisory role.

The meeting pointed out: At present, we should conscientiously organize enterprises' leading cadres and party and CYL members to study the CPC Central Committee's circular on strengthening and improving enterprises' ideological and political work, and concentratively attend to the work in three fields. First, we should positively explore the operational mechanism of the new system of conducting enterprises' ideological and political work. Plant directors should ideologically, responsibly, and practically take on the new job; carry out the five duties for conducting the ideological and political work defined in the CPC Central Committee's circular; and assume sole responsibility for enterprises' material and spiritual civilizations. Second, enterprise party organizations should positively support plant directors to enforce the overall responsibility system, conscientiously explore new ways for bringing into play the guaranteeing and supervisory role, safeguard plant directors' key role in conducting ideological and political work, and help plant directors assume overall responsibility for conducting the work. Party organizations should be duty-bound and concentrate energy on conducting the ideological and political work. Part-time party committee secretaries should conscientiously explore ways to strengthen party building and achieve enterprises' ideological and political work under the new system. Third, we should deeply study and implement the guidelines of the 3d plenary session of the 13th party Central Committee and the enlarged meeting of the municipal party committee, strengthen leadership, and further promote and perfect the reform of enterprises' leadership system.

Li Ximing concluded in his speech that the aforementioned units have done a good job in deepening the reform of enterprises' leadership system. He urged that from now on, we should fully and scientifically estimate the situation, bring our enthusiasm into play, and promote the development of improving the economic environment, rectifying the economic order, and deepening enterprise reforms on the industrial front.

Attends Music Performance 10 Dec
SK1912092288 Beijing BEIJING RIBAO
in Chinese 10 Dec 88 p 1

[Text] Yesterday evening, more than 3,000 students from various institutions of higher learning and colleges in the capital gathered together at the theater of the Beijing exhibition hall to hold a large-scale literary and art soiree to commemorate the 53d anniversary of the "9 December" student movement. The literary and art soiree was attended by municipal leaders, including Li Ximing, Li Qiyan, Wang Jiaoliu, Yuan Liben and Lu Yucheng.

At the soiree, college students from the capital's institutions and colleges of arts presented programs of vocal music, musical instruments, and dancing. The programs were healthy and vivid in content and rich and diversified in forms, manifesting the spirit, style, and features

of the present-day college students in exerting themselves to scale heights. The soiree was permeated with an atmosphere of happiness from start to finish.

Veteran comrades, such as Han Tianshi and Liu Duosheng, who had participated in the "9 December" movement, also attended the literary and art soiree and watched the performance presented by college students with great enthusiasm.

Beijing Rural Education Work Conference Opens
SK1712015188 Beijing BEIJING RIBAO
in Chinese 30 Nov 88 p 1

[Excerpts] The municipal party committee and government jointly held a municipal rural educational work conference yesterday. The conference advanced that the central task of the current rural educational reform is to deepen the reforms of the educational management system and structure and the internal mechanism of schools. Comrades Chen Xitong and He Dongchang attended and addressed the conference. Chen Xitong emphatically pointed out that it is time for exerting efforts to promote education. It is necessary to consider whether the district, county, and township party committees have paid full attention to education as one of the important criteria for judging their administrative performance. In his speech, Comrade Chen Xitong first stressed that leaders at all levels should enhance their understanding of the importance of education. Judging from the current situation in rural economic development, the more we develop the economy the more we feel a lack of competent personnel. Competent personnel have become the most fundamental factor for determining whether the economy of the suburban areas can be developed in a sustained and steady manner. Competent personnel are the most precious of all things. We should rely on education in order to have more competent personnel. Education is an inherent demand in developing the socialist commodity economy. If we fail to grasp education, it would be impossible for us to consolidate our position in the acute competitions. Leaders who fail to grasp education are not good leaders and are shortsighted.

He said: Over the past few years, leaders at the various levels have begun to understand the importance of education and this has been reflected in their actions. However, their sense of urgency is insufficient, and they still do not think that promotion of education is a must. He called on leaders at all levels to change their passive situation in grasping education into a voluntary action, and contribute to achieving new progress in developing rural educational undertakings. In referring to the three tasks of the current rural educational reform, Chen Xitong pointed out: The reform of management system which focuses on having townships run and manage schools should be roughly completed before the end of next year. The emphasis of the three reforms should be the reforms of the systems of personnel affairs, labor and

distribution inside schools. If schools lack internal vitality, it will be impossible for them to achieve good results even though they have created very good external conditions. The fundamental aim of reform is to mobilize people's enthusiasm. With the enthusiasm of the school principals and teachers, schools will surely be run well.

At the conference, Vice Mayor Lu Yucheng gave a speech on deepening rural educational structural reform and accelerating the development of rural educational undertakings on behalf of the municipal party committee and government. [passage omitted]

In his speech, Comrade Lu Yucheng encouraged the participants to grasp the favorable opportunities of the current campaign to improve the economic environment, rectify the economic order, and comprehensively deepen reforms, to do a solid work in reforming the management system, educational structure, and the internal mechanism of schools in the course of developing rural education, and to strive to create a new situation in rural education work.

Yesterday's conference was presided over by Wang Jialiu, deputy secretary of the municipal party committee. Attending the conference were more than 600 persons including Xia Qinlin, vice chairman of the municipal People's Congress Standing Committee, the principal responsible comrades of the various district and county party committees and governments, responsible comrades of the municipal party committee, various departments, committees, offices, bureaus and general companies of the municipal government, and representatives of various townships and towns of the suburban districts and counties.

Beijing CPPCC Standing Committee Holds Meeting
SK1912082388 Beijing BEIJING RIBAO
in Chinese 7 Dec 88 p 1

[Text] The Standing Committee of the seventh municipal CPPCC Committee held its sixth meeting on 6 December for consultation and discussion on the optimal organization of labor of the industrial and commercial units of our municipality. Municipal Vice Mayor Wu Yi attended to introduce the situation and hear the opinions of the participating members.

Members of the industrial and communications, commercial, and scientific and technological groups of the municipal CPPCC Committee organized a joint group to conduct a monographic investigation on the efforts of our municipality's industrial and commercial units to optimize the organization of labor from September to November this year. The members held: Optimization of the organization of labor represents a major reform of the labor and personnel systems of enterprises. It has boosted the enthusiasm of the masses of staff and workers and laid a solid foundation for enterprises to regain its vigor and

vitality. However, problems also exist, such as a lack of supportive policies, perfect social insurance and regulating systems, and classified guidance.

In view of the problems discovered during the investigation, the members suggested that a series of supportive policies be formulated for comprehensive reforms; labor service markets be opened to enable manpower to flow rationally and to gradually eliminate the burden of enterprises; and different time limits and different patterns for the optimal organization of labor be fixed according to the different situations of enterprises to avoid uniformity.

Wang Daming, vice chairman of the municipal CPPCC Committee, presided over the meeting. Attending were leading persons of the municipal CPPCC Committee, including Bai Jiefu, Guan Shixiong, Zhang Mingyi, Li Bokang, Xia Xiang, Zhu Chenyu, Chen Zhongyi and Gan Ying.

Inner Mongolia's Wang Qun Meets PLA Officers
SK1712002088 Hohhot NEIMENGGU RIBAO
in Chinese 28 Nov 88 p 1

[Text] From 24 to 27 November, General Liu Zhenhua, political commissar of the Beijing Military Region; Lieutenant General Liu Yudi, deputy commander of the region; Major General Qi Lianyn, deputy commander of the region; and Major General Liu Cunkang, deputy director of the political department of the region, inspected the PLA units under the Inner Mongolia Regional Military District and visited regional party and government leaders and the retired army cadres at the official-post level or above in Hohhot City.

Regional party and government leaders, including Wang Qun and Bu He, held cordial talks with General Liu Zhenhua.

During his inspection, study, and instruction tour in the region, General Liu Zhenhua paid tribute to and affirmed the good situation both in the autonomous region and the Military District. He said: After hearing the regional leaders' introduction of the regional political, economic, natural, and cultural situation, they came to know that the autonomous regional party committee and government have resolutely implemented the line, principles, and policies set forth at the 3d plenary session of the 13th party Central Committee; united the people of various nationalities; and scored great achievements in many fields. Judging from what they heard and seen, the situation in the Inner Mongolia Regional Military District's organizational and PLA construction is very good. All PLA units have the aspirations and the sense of responsibility to achieve the PLA construction and the work in all fields. The PLA units are well stabilized, the leading bodies are well united, there has been a harmonious relationship between the army and the government and between the army and the people, and the work in all

fields tends to improve. He said: The work principle on "unity, construction, reform, and opening to the outside world" set forth by the regional party committee is of equal importance in guiding the construction of the PLA. So, we must organize the PLA units to conscientiously study the work principle, to strengthen the awareness of the guidelines of the 3d plenary session of the 13th party Central Committee, and to maintain a high degree of stability in PLA units and border areas. When there are contradictions between the interests of the PLA and the localities, we should ensure common development and equal distribution of interests. He urged that the PLA units under the Military District should positively participate in and support the region's two civilizations, and further consolidate and develop the gratifying situation characterized by unity between the army and the army and the government and between the army and the people.

Political Commissar Liu was much concerned about grass-roots construction. He went far into the companies' dormitories, canteens, warehouses, and clubs to ask about the soldiers' living conditions and to get firsthand materials. he emphasized, "First, the companies should ensure that all soldiers should eat their fill and be well-fed. The benefits from production should first be used to improve the PLA's meals. Second, the companies should be very patient to achieve the ideological transformation work. Third, the one-day life system should strictly be enforced. Cadres should be diligent in supervision and inspection. When the grass-roots units are short of the quota of their cadres, the PLA organs must transfer personnel to fill the vacancies." He also urged the PLA units throughout the region to inherit and carry on the glorious traditions of our Army.

Political Commissar Liu also pointed out in his inspection: Inner Mongolia occupies an extremely important strategic position. So, we should conscientiously study and resolve the new situation and new problems cropping up in the course of border construction, and really have the border PLA units play an exemplary role in defending the border areas. He also gave important instructions regarding further stabilizing PLA units, strengthening the construction of leading bodies, and attending to militia, reserve duty, and production and management work. He said: Militia and reserve duty work should be developed resolutely in line with the guiding ideology of taking production and construction as a central link and in the method of building up the army through labor. Efforts should be made to build militiamen and reserve servicemen into a powerful reserve force.

Accompanying General Liu Zhenhua to conduct the inspection and attend the talks were some regional party, government, and army responsible comrades, including Zhang Dinghua, Qian Fenyong, Batubagen, Liu Yunshan, Yang Enbo, Lin Weiran, He Yao, Butegeqi Pei Yingwu, Liu Zuohui, Li Guibin, Fang Haicheng, Shi Zhigao, Guo Fei, and Shi Shengrong.

Inner Mongolia Benefits From Microwave System
OW1612142288 Beijing XINHUA in English
1040 GMT 15 Dec 88

[Text] Hohhot, December 15 (XINHUA)—China's longest microwave telecommunications system is sending clearer TV pictures and the latest news to nomads scattered on the prairies of Inner Mongolia, XINHUA learned today.

There are 72 relay stations on the Inner Mongolian steppes, which can not only transmit radio programs and TV pictures but also telex and carrier-wave telephone signals, the report said.

With the establishment of a color TV broadcasting station here in the region's capital city last year, even the most remote areas can now receive clear radio and TV programs.

Urban Construction Takes Over Shanxi Farmland
OW1912002588 Beijing XINHUA in English
1518 GMT 18 Dec 88

[Text] Beijing, December 18 (XINHUA)—North China's Shanxi Province lost 21,000 hectares of irrigated land in 1981-1987 period because of reckless infrastructure projects, according to today's "PEOPLE'S DAILY."

That means, the paper said, the province has wasted over 640 million yuan in its investment in irrigation projects.

The figure doubles the sum the province spent on water conservancy projects in the same period, it said.

According to a recent survey conducted by the provincial irrigation department, the reduction of irrigated fields was caused by urban construction, expansion of industrial enterprises and mines, and rural housing projects.

In an accompanying commentary, the paper said similar cases also occur in other provinces.

The paper urged officials in various localities to stop the encroachment of farmland and warned that if it continues the increase in the investment in agriculture will be wasted.

Shanxi Bureau Bans Magazine for 'Low Taste'
OW1912090788 Beijing XINHUA in English
0216 GMT 19 Dec 88

[Text] Beijing, December 19 (XINHUA)—The Shanxi Provincial Press and Publications Bureau has banned a magazine for running stories of "low taste," XINHUA learned here today.

"MY UNIVERSITY," a bi-monthly written for young people who are unable to get a college education, was banned by the bureau following the publication of two stories in the October issue. "These two stories are ridden with descriptions of sex and violence," local officials said.

The officials said that these stories were "harmful to young people."

The magazine's registration number has been withdrawn, effectively banning it for good, and it has also been fined 15,000 yuan.

The magazine had a circulation of one million, but this was insufficient to generate profits. The editors' decision to run stories containing sex and violence was believed to have been an attempt to raise circulation.

Activities of Tianjin's Li Ruihuan Highlighted

At Literary, Arts Congress 14 Dec
*SK1612235888 Tianjin City Service in Mandarin
2330 GMT 14 Dec 88*

[Excerpts] The third congress of the Tianjin Municipal Federation of Literary and Art Circles ceremoniously opened at the assembly hall of the Tianjin Guesthouse on 14 December.

Li Jiye, chairman of the second municipal federation of literary and art circles, made an opening speech at the congress. On behalf of the municipal party committee and the municipal government, Tan Shaowen, deputy secretary of the municipal party committee, delivered a speech of congratulations at the congress. (Feng Bicai), vice chairman of the Standing Committee of the second municipal federation of literary and art circles, presided over the congress. Attending the opening ceremony were leading comrades of the municipal party committee, the municipal People's Congress, the municipal government, the municipal CPPCC Committee, and the municipal garrison district, including Li Ruihuan, Wu Zhen, tan Shaowen, Nie Bichu, Liu Jinfeng, Yang Jingheng, Wang Xudong, Lu Xuezhang, Huang Yanzhi, Li Yuan, Shi Jian, Qian Qiao, Xiao Yuan, He Guomo, and Fang Fang. Veteran Comrades Bai Hua and (Fang Ji) also attended the opening ceremony. Representatives from the municipal mass organizations and relevant units extended greetings to the congress. [passage omitted]

After the opening ceremony, municipal leaders and all participants had a group photo taken to mark the occasion.

Attends Beijing Opera Performances
*SK1712000388 Tianjin City Service in Mandarin
2300 GMT 15 Dec 88*

[Excerpts] Report-back performances of new Beijing Opera plays, sponsored by the Ministry of Culture and directed by the Tianjin Municipal Cultural Bureau, opened at the (Binhu) theater on the evening of 15 December.

Leading comrades, including Li Ruihuan, Gao Zhanxiang, and Tan Shaowen, attended the opening ceremony and watched the performances. Gao Zhanxiang, assistant minister of culture, delivered a speech at the opening ceremony. [passage omitted]

After the opening ceremony concluded, a play of Tianjin history named "Kidnap a Good Horse" was first performed. It was performed cooperatively by the China Beijing Opera Institution and the Tianjin Municipal Youth Troupe of Beijing Opera. [passage omitted]

Northeast Region

Heilongjiang's Sun Weiben at Party Meeting
SK1812124588 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 17 Dec 88

[Text] The provincial party Standing Committee held a meeting on the morning of 17 December to hear a report given by the provincial Planning Commission on the situation at the National Planning Conference and the National Conference on Conducting Reforms in Economic Systems and to hold earnest discussion on how to implement the spirit of these conferences.

Sun Weiben, secretary of the provincial party committee, presided over the meeting.

It was contended at the meeting that the convocation of the National Planning Conference and the National Conference on Conducting Reforms in Economic Systems is actually aimed at further implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee by making work arrangements for the national economy and social development in 1989. A success in implementing the spirit of these national conferences has a vital bearing on improving the province's economic environment; on successfully readjusting the structure of investment, products, and enterprise organizations in the course of improving the environment and rectifying order; and on increasing the volume of effective supplies. Therefore, we must earnestly do a good job in relaying, studying, and implementing the spirit of these national conferences.

It was stressed at the meeting that we should unify our thinking and understanding, heighten our spirit, earnestly deal with the fear of having the task of improving the environment and rectifying order carried out perfunctorily and superficially and of suffering losses, and

should fulfill the task in a down-to-earth manner. Responsible comrades at all levels and of various departments should adopt a correct attitude toward the difficulties that have cropped up in the task of improving the economic environment and rectifying economic order.

Meanwhile, they should fully note the favorable new circumstance that has been brought about by implementing this task and should note that there is plenty of scope in many fields for their talents, and it is possible for them to make contributions to making the province's economy prosperous. What is most important at present is that a good job should be done in deepening the reform drive, while combining the key elements of production in a down-to-earth manner and optimizing or realigning them so as to enable them to turn out benefits and to score new achievements.

It was demanded at the meeting that, in curbing the scope of capital construction projects, we should adopt a fair attitude toward the work, readjust or curb those that deserve this, and adopt every possible means to ensure deserved construction. Efforts should be made to realistically enhance macroeconomic control and to refrain from taking the road back and making the economy rigid. We should adopt effective measures to ensure the volume of effective supplies and realistically do a better job in making market arrangements.

Sun Weiben at Heilongjiang Group Formation
SK1612025188 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 15 Dec 88

[Text] The Heilongjiang development study and consulting committee was established in Harbin today. This committee is a knowledge- and intelligence service-type social research organization. The members are all retired cadres or cadres at and above the post of former deputy directors of departments or bureaus of provincial-level organs and deputy secretaries of prefectural and city party committees, deputy commissioners and vice mayors who no longer work in the forefront, and experts and scholars with the professional title of associate professor or above but who have already left their administrative posts.

They will use their time and experience to display their remaining enthusiasm; will devote themselves to regional development, including the social, economic and technological, and personnel development in a certain area and in some cities, counties, and cities and counties in other regions, and to operational development of various trades and professions, companies, and large enterprises; and will study and provide consulting services on economic and technological cooperation and development in border areas in an effort to contribute to invigorating Heilongjiang.

The committee members elected (Yu Guangyuan), (Li Chang), Chen Lei, and Zhao Dezun as honorary chairmen and Li Jianbai as chairman.

Sun Weiben, Wang Zhao, Zhou Wenhua, Ma Guoliang, Zhang Xiangling, He Shoulun, and Dai Moan, and other leading comrades attended the inaugural meeting today to extend congratulations.

Heilongjiang Plants To Produce Generator

*OW1712193688 Beijing XINHUA in English
 1551 GMT 17 Dec 88*

[Text] Harbin, December 17 (XINHUA)—Three plants in Harbin have cooperated to produce China's biggest steam-turbine generator.

After a year of installation and trial operation, the unit started generating electricity at Pingwei Power Plant in Huainan City, Anhui Province, on December 15.

The biggest generating unit ever produced in China has been made through the joint efforts of Harbin's boiler, steam turbine and electrical machinery plants. They provide one-third of the country's power generating equipment.

When the plants first went into operation in the late 1950s, they manufactured 6,000 kw steam-turbine generating units. Advanced equipment and technology imported from abroad, especially from Combustion Engineering Inc and Westinghouse Electric Corporation of the United States, in recent years have helped to increase their production capability.

Now the plants are working on a second 600,000 kw steam-turbine generator.

In addition, the plants are to make three 210,000 kw steam-turbine generating units for the Jamshoro power station in Pakistan.

He Zhukang Leads Inspection Tour of Jilin City
SK1712022188 Changchun Jilin Provincial Service in Mandarin 2200 GMT 14 Dec 88

[Text] He Zhukang, secretary of the provincial party committee and provincial governor, recently led responsible comrades of the relevant provincial-level departments to Jilin City to inspect the implementation of the guidelines of the 3d Plenary Session of the 13th CPC Central committee and of the work conference of the provincial party committee. They went deep into the grass-roots levels to conduct investigation and study and held a forum of responsible comrades of the city, county, and township party committees and governments.

Comrade He Zhukang pointed out: Placing the emphasis of reform and construction for the next 2 years, on improving the economic environment and rectifying economic order, is the firm and unshakable policy of the CPC Central Committee. To realize this goal, it is most important to exert strenuous efforts to grasp structural readjustment, including the production set-up, product mix, enterprise structure, and the ownership system.

At present, it is high time for carrying out this work. Structural readjustment is a major policy during the period of improvement and rectification. It is necessary to promote and implement it in a well-guided and organized manner. It is difficult to carry out the work by merely relying on people's spontaneous efforts. In general, the principle of readjustment consists of four points: First, to be in line with local conditions; second, to be in line with market demands; third, good economic results; and fourth, all necessary conditions. Funds will be in short supply next year, therefore, we must slow down the rate of industrial development. Some of the construction projects must be stopped and some enterprises will be forced to stop production. The key to solving these problems is to readjust the structure and to stop projects should be cut back and guarantee projects that should be guaranteed.

From now on, we should make good preparations. In cutting back or guaranteeing projects, we must pay attention not only to principles, but should also give consideration to enterprises and projects and make them conduct readjustment on their own initiative in order to reduce great losses and avoid a passive situation in the future. At present, first of all, we should be determined to cut back the production of products that consume much energy, stockpile products that cannot find a ready market, and give priority to guaranteeing the production of products that are badly needed in the market and can help withdraw currency from circulation. Second, we should strengthen and improve enterprise management, and do a good job in carrying out the campaign to increase production, practice economy, increase income, and reduce expenditures. In addition, we should strengthen and improve the government's macroregulation and control and solve the problems of the overheated economy, excessive demands, and chaotic order by adopting effective economic, administrative, legal, disciplinary means and methods and conducting ideological and political work, in an effort to coordinate the relations of all fields.

Comrade He Zhukang pointed out: At present, we are shouldering the heavy historical responsibilities of guiding the people to comprehensively deepen reforms and to realize the four modernizations. However, our leadership level is universally incompatible with this great task. We must pay full attention to study, in an effort to improve the leadership level through study in the course of practice. One of the most important methods is to unceasingly sum up experience and, in this way, to enhance leaders' level of reform and construction.

During the forum, Comrade He Zhukang repeatedly stressed that it is necessary to strengthen party-building and pay attention to studying methods and the content of strengthening party-building and improving ideological and political work under the new situation.

Jilin Oil Production Progress Reported
*SK1912114988 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 18 Dec 88*

[Summary] In conducting reform and construction, the Jilin oil field has achieved a breakthrough in the following seven aspects by pioneering the road of advance this year: 1) Its crude oil output has topped 3 million tons, and its output growth has ranked it in the leading position of oil production throughout the country. 2) It has discovered a large amount of oil and gas deposits, including the eighth largest oil field of the province, (?Changchun) oil field. 3) It has created a new standard in developing or building oil fields. By giving a helping hand to technical renovations, it has enabled the (?Shuangyang) oil extraction plant to top its daily output of 800 tons. 4) It has made marked progress in utilizing the advanced technologies. 5) It has promoted its managerial affairs to a new level. 6) It has further improved or enhanced the ideological and political work conducted among staff members and workers. 7) It has taken a new stride in conducting enterprise reforms.

Liaoning Holds Democratic Construction Congress
SK1812064688 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 17 Dec 88

[Text] The third member's congress of the Liaoning Provincial Democratic National Construction Association opened on 17 December.

During the 3-day congress, the participating members will hear and discuss the work report presented by the second committee of the provincial Democratic National Construction Association and elect members for the third committee.

Attending the opening ceremony of the congress this morning were leading comrades from the provincial party committee, the provincial People's Congress, the provincial people's government, the provincial CPPCC Committee, various democratic parties, and from the provincial Industry and Commerce Federation.

Northwest Region

Gansu's Li Ziqi Presides Over Rural Conference
*HK1912031388 Lanzhou Gansu Provincial Service
in Mandarin 0000 GMT 16 Dec 88*

[Excerpts] A provincial conference on rural work opened in Lanzhou yesterday morning. Present at the conference were provincial leaders Li Ziqi, Jia Zhijie, Ge Shiying, Lu Kejian, Liu Yuhan, Zhang Wule, Wang Daoyi, Liu Shu, and Lu Ming. Also present at the conference were responsible persons of all prefectures, cities, and autonomous prefectures.

The theme of this conference is to discuss how to implement the guidelines laid down by the seventh provincial party congress and the national rural work conference; how to deepen the rural reform; how to vigorously develop agriculture; how to fulfill the near-term targets of supplying the people of Gansu with enough food and clothing and being self-sufficient in grain; and in particular, how to achieve good harvests in the next 2 years and to ensure overall, continuous, steady, and harmonious economic growth.

Provincial party committee Secretary Li Ziqi presided over yesterday's session. Governor Jia Zhijie delivered a speech on the rural work in the province and on the economic development in old revolutionary and impoverished areas, and during the session Vice Governor Lu Ming conveyed the spirit of the national rural work conference.

In his speech Governor Jia Zhijie elaborated on his views on correctly evaluating the situation, acquiring a deeper understanding of agriculture as the basic sector, intensifying the agricultural foundation, increasing the potential for agricultural development, making every effort to achieve a good harvest next year, and other issues. [passage omitted]

Jia Zhijie noted: In light of the province's experience in the economic development of rural areas in the past few years, it is necessary to set great store by three major matters next year, namely, grain production, assistance to impoverished areas, and diversion of labor from agriculture to other sectors. Every effort must be made to achieve a good harvest, he said.

It is also reported that a provincial conference on the economic development of old revolutionary and impoverished areas was held simultaneously yesterday morning.

Qinghai Allocates Money for Grain Production
*OW1712010288 Beijing Domestic Service
in Mandarin 1030 GMT 11 Dec 88*

[Text] After making a thorough analysis of local conditions, the Qinghai provincial government recently decided to make vigorous efforts at grain production and land reclamation.

Although grain output in Qinghai Province has continuously increased in recent years, it has yet to keep up with the pace of economic development. Vice Governor Ma Yuanbiao said: Ningxia's produced 130 million kilograms of grain less than Qinghai 12 years ago, but 10 years later the former's total grain output exceeded the latter's by 500 million kilograms; thus, Ningxia has become self-sufficient in grain. Ningxia's experience in this regard is that importance has been attached to land reclamation. By the same token, Xinjiang and Gansu, two of our neighboring provinces, have also done better than Qinghai in reclaiming land and developing agriculture. It is estimated that more than 7 million mu of land can be developed in Qinghai and that over 2.1 million mu of such land has favorable conditions for development. In Qaidam Basin and the littoral area of Qinghai Lake in particular, there are conditions for developing oasis agriculture.

To this end, the Qinghai provincial government recently decided to allocate an additional 20 million yuan for grain production every year without reducing the planned investment in agriculture. It is planned that by 1992 a total of 243 million yuan will have been allocated for grain production. By then, 500,000 mu of land will be reclaimed for cultivation, and the province's total grain output will reach 1.2 billion kilograms.

Locusts Cause Damage in Northwest Region
*OW1812215288 Beijing XINHUA in English
1240 GMT 15 Dec 88*

[Text] Beijing, December 15 (XINHUA)—Migratory locusts have been plaguing northwest China for almost 30 years, the journal, "SCIENCE NEWS," reported today.

In Shaanxi Province alone, locusts destroyed one million mu (15 mu equal to a hectare) of crops last year, it said.

Quoting Lian Zhenmin, associate professor of biology at Shaanxi Teacher's University, the paper said the locusts run rampant in the area because of the reckless cutting of trees by local farmers in recent years, resulting in more land becoming desert.

Lian called for a massive application of pesticides in the affected area to build an invisible belt to block the locusts and a drive to eradicate the pests.

Spokesman Comments on Taiwan's 'Elastic Diplomacy'
OW1912112188 Beijing XINHUA in English
1042 GMT 19 Dec 88

[**"Chinese Foreign Ministry Spokesman Issues Statement on 'Elastic Diplomacy' Pursued by Taiwan Authorities"—XINHUA headline**]

[Text] Beijing, December 19 (XINHUA)—The Taiwan authorities, while doing their utmost to push the so-called "elastic diplomacy," are actually trying to create "two Chinas" or "one China, one Taiwan" and they will not succeed, said a Chinese Foreign Ministry Spokesman in a statement here today.

Following is the full text of the statement on the so-called "elastic diplomacy" pursued by the Taiwan authorities:

Recently, some people of the Taiwan authorities have made one statement after another, indicating that the Taiwan authorities would pursue the so-called "elastic diplomacy" with redoubled efforts and openly stated that they would develop "official relations" with some countries having diplomatic relations with the People's Republic of China.

Among other things, the Taiwan authorities would set up the so-called "commercial office of the Republic of China," upgrade some unofficial organizations to "consulates-general," and even establish or restore "diplomatic relations" with these countries.

They have also tried hard to return to the intergovernmental, international organizations in an attempt to create "two Chinas" or "one China, one Taiwan." Their above-mentioned moves cannot but arouse grave concern.

The spokesman of the Chinese Foreign Ministry is hereby authorized to make the following statement:

It has long been recognized by the international community that the Government of the People's Republic of China is the sole legal government representing the whole China and that Taiwan is an inalienable part of the Chinese territory.

In international relations, the Chinese Government has persistently stood for the development of friendly relations and cooperation with all other countries on the basis of the five principles of peaceful coexistence and opposed establishment of official ties and contacts of an official nature with Taiwan by countries having diplomatic relations with the P.R.C. We have never taken

objection to their economic, trade and cultural exchanges of an entirely unofficial nature. This position of ours has commanded the respect of countries across the world.

China is further developing and deepening its friendly relations with other countries. We deeply appreciate the efforts of the overwhelming majority of countries to strictly abide by the agreements or understanding reached on the Taiwan question when they established diplomatic relations with China, and their refusal to establish official relations or contacts of an official nature with Taiwan. It is our belief that the Taiwan authorities will not succeed in pushing their "elastic diplomacy."

The Chinese Government has consistently opposed any attempt to create "two Chinas" or "one China, one Taiwan" in international organizations. This just and clear-cut position has won full understanding and support of the governments of other countries. Back in 1971, the United Nations General Assembly adopted a resolution on restoring the legitimate seat of the People's Republic of China in this world body. Accordingly, the United Nations has expelled Taiwan from all its organizations, and the offices of organizations of the UN system must not have any dealings with Taiwan.

This principle also applies to other intergovernmental, international organizations. As for individual intergovernmental, international organization, for instance, the Asian Development Bank, the Taiwan authorities are allowed to join it in the name of "Taibei, China," subject to agreement reached through consultations between the Chinese Government and the international organization concerned. This is only a kind of special arrangement and cannot be regarded as a model universally applicable to other intergovernmental, international organizations.

It should be pointed out that the Taiwan authorities, while doing their utmost to push the so-called "elastic diplomacy," are actually trying to create "two Chinas" or "one China, one Taiwan." This not only runs counter to their repeatedly claimed position of "only one China", but also goes against the aspirations of all Chinese both at home and abroad who are concerned about China's reunification.

We hope that the Taiwan authorities will get a clear understanding of the situation and, bearing in mind the overall interests of the Chinese nation, stop activities detrimental to China's reunification in line with the trend of the times and popular will, and join us in the endeavour for the peaceful reunification of China. Only by doing so, can Taiwan enjoy, along with the mainland, the dignity and status of our great motherland.

Hong Kong

'Full Transcript' of Governor Wilson Interview
*HK1712093688 Hong Kong HONGKONG STANDARD
in English 17 Dec 88 p 2*

[“Full transcript” of television interview given by Governor Sir Edward Wilson to Chris Bale of ATV (Asia Television Ltd.) and Betty Liu of TVB (Television Broadcasts Ltd.) “yesterday”—moderated by Chris Hilton of RTHK (Radio Television Hong Kong); location not given]

[Text] Chris Hilton: The year in question, 1988, has been one of increasing prosperity and optimism for Hong Kong but these are being tempered by as yet unresolved political debate and argument.

The economy has made a steady recovery from the October stock market crash. Exports continue to grow.

But the spectre of double-digit inflation looms on the horizon, and industrialists have been dogged by a serious shortage of suitable labour.

There has been mounting concern during the year at the steady seepage away to countries like the United States and Canada of many of Hong Kong's brightest and best: The brain drain, a problem regarded so seriously that the special think tank announced this year to formulate strategic plans for Hong Kong's future will have it as one of their major priorities.

The problems of the Vietnamese boat people continue to drag on, and Hong Kong's hardened attitude towards new arrivals has aroused some criticism.

On the political front, new faces have been appointed to the Executive Council and elected to the Legislative Council, and the process of hammering out a constitution for post-1997 Hong Kong, the Basic Law, has continued throughout the year.

But fears persist in some quarters that Hong Kong's promised autonomy may be compromised in the final document.

These and many more issues have been everyday concerns for the Governor of Hong Kong, Sir David Wilson, and in this special programme he talks about them with two distinguished television journalists, Betty Liu of TVB and Chris Bale of ATV.

Chris Bale: Sir David, 1988 has been your first full year as Governor. Looking back over the year, what do you think that you have been able to achieve for the people of Hong Kong?

Governor: I tend not to see things in terms of what I personally as a single person achieve but more what the Government is doing. I would look on this as being a

very eventful year. I think that is probably true of most years in Hong Kong, they are eventful. But if you look at what the Government has done, it adds up to a very substantial series of major decisions and a lot of things in which we are looking forward to. [sentence as published] Let me just pick out some of those.

The economy, that is going well. The rate of increase of exports is not as high as it was last year. The rate of growth won't be as high as it was last year. That is a good thing. We were overheating in the economy with 13 percent growth in real terms after 11 percent in real terms.

So the economy is going reasonably well, although we have problems as Chris Hilton was mentioning just now.

Major decisions on things like the infrastructure: the decision was taken this year to go ahead on Tate's Cairn Tunnel; the decision was taken on the next container terminal. All these are major long-term plans.

We had a very long debate in 1987, a great deal said about constitutional change. We have now taken a firm decision for a major step forward in 1991 with the introduction of an element of direct elections.

We have tackled, faced and tackled, problems like the Vietnamese refugee issue. We haven't solved it, but we are facing up to it and looking for ways in which we should try to deal with it.

We have looked ahead to major plans for the long-term future in a way which does not limit us to that date 1997 but looks well beyond it; thinking in terms of the decision next year on the airport, the decision on port expansion.

So I would say in general terms a lot of problems faced, solutions looked for, a number of those things already tackled. Other things to be tackled next year.

Betty Liu: Sir David, how would you assess Hong Kong's political climate at this point? We have just witnessed demonstrations against the latest Basic Law proposal, Chinese officials have voiced their concerns on a number of hunger strikes, and about 50,000 people are estimated to be leaving Hong Kong this year. Are these developments good for Hong Kong?

Governor: I wouldn't put all these things together necessarily. There has been a lot of debate in Hong Kong. There was a great deal more debate actually last year.

Let's take the Basic Law for instance. The interesting point about that, I thought, was the way in which the formulation of the Basic Law has been carried out in a very open process.

We have had two groups of mainland drafters coming down to Hong Kong, trying to seek Hong Kong opinions; a lot of opinions put forward.

Proposals are now being made for a second draft of the Basic Law which seem to have taken account of most of those opinions put forward in Hong Kong, and I am talking here about the main text of the Basic Law, not the annexes on the political structure after 1997.

So, that has been a major part of what has been going on.

Of course in any political debate you have people who are not satisfied with the outcome or who are putting forward new ideas.

There is a lot that is healthy in that. We are a very active society, one which takes a lot of interest now in political matters, so there is a lot that is healthy in that.

Now your second part was people leaving Hong Kong, and I don't think that these two necessarily go together. I have said a number of times that Hong Kong is a place where people have come in and people have moved on.

That is something traditional about Hong Kong. The numbers leaving have increased recently. It creates some problems for us as a society.

They are not crisis-like problems, but they are problems we have to look at and see if there are ways that we can tackle them.

I don't myself think we should anticipate a sudden ending of that process. People are going to be nervous about the future. Some of those people are going to look for an insurance policy by going abroad.

I hope that some of those people who go abroad will then come back to Hong Kong to contribute to its future.

Many, many people, by far and away the vast majority, will always stay here and will commit themselves to the future of Hong Kong, and we must think of those people, too.

Liu: The early 1990s appear to be the watershed in the run-up to 1997. As you have just mentioned, the Basic Law will be promulgated, and a lot of people expect to decide then whether to leave or not, and investors are also adopting a wait and see attitude.

Now what sort of contingency plans are needed?

Governor: Well, I would pick you up on that investors are adopting a wait and see attitude.

Liu: For long-term investment.

Governor: Well, no, look at the long-term investment. Tate's Cairn Tunnel I mentioned a moment ago. That is a very large, very long-term investment. The second cross-harbour tunnel is very large, very long-term.

People won't get their money back until well into the next century. The container terminal is the same. So I don't think it is true to say that investors are waiting to see what is going to happen. There is a lot of investment going on.

Liu: Well, I think a lot in the manufacturing industry are certainly adopting that attitude, it would appear to be.

Governor: Well, if you look at the figures for last year of retained imports, of capital goods, which is one of the ways of measuring this, they were actually at an all-time high last year.

They are not quite so high this year because the rate of growth of the economy is slowing down. But there is no shortage of investment in Hong Kong and I think that is the important point.

In fact it is a place which is making so much money that there is a lot of investment going overseas, as people broaden the base of their investment.

Liu: But surely the Government would have some sort of contingency plans for various scenarios that might happen in the next few years.

Governor: Well, I don't think it is something you talk of in terms of contingency plans if we are dealing with investment. What we are trying to do is to make sure that investment is encouraged and people go on investing in the same way that they have been investing up to now.

One of the reasons I went recently on a trip to Western European countries was precisely with that objective, to explain what the arrangements are for the future, to explain what is happening in Hong Kong now, with the objective of encouraging people to continue to invest in Hong Kong. That is one thing.

One other thing that I would mention is that all these long-term infrastructural projects that I was talking about are huge investments in Hong Kong. They will help, I believe, to keep the economy dynamic and buoyant in the 1990s when you might get some degree of nervousness.

Bale: Sir David, earlier this year we had a row, you remember, over film censorship and the possibility of a move to allow censorship of films if they might harm Hong Kong's relations with other countries which was generally taken to refer to China.

Then last week we had some District Board members beginning a series of 50-hour hunger strikes against a Basic Law proposal which they didn't like.

It seemed a fairly mild protest, but two senior Chinese officials spoke against it very quickly. One called it confrontational.

And then this week we have had a priest on hunger strike outside the Legislative Council building, calling for the release of the Hong Kong man held in a prison in China, and instead of just letting him get on with it the government has taken him to court.

I wonder whether through 1988 we have begun to see a pattern emerging that the days of free speech are numbered, and that opinions and protests which are not acceptable to China will not be tolerated?

Governor: Categoric no. We haven't. We have a tradition here of people speaking freely. We have a tradition of people publishing freely what they want to say.

A tremendous amount of diverse opinions in the press, on the media, on television. No shortage of people saying what they want to say. No shortage of people, if they wish to, holding demonstrations, holding meetings in public, things like somebody holding a hunger strike outside the Legislative Council building.

The only problem there is if you had a tradition, if you like, growing up of people always demonstrating outside the Legco [Legislative Council] building, you would start to hinder the work of Legco.

There is no intention to try to stop somebody expressing their views. There is certainly no question at all of any of those actions being taken because it does or it does not affect China.

Liu: Taking your point a step further on the issue of the introduction of direct elections in 1991, would you expect to see the emergence of political parties?

Governor: When you get into a political system which has direct elections, or indeed any sort of elections, automatically I think, and gradually, you get groups building up. Now in Hong Kong they won't necessarily be political parties, the same as you would have political parties elsewhere. They may start as groups centering round an individual, sort of loyalty groups to an individual, but I think it is a natural process that you will get those groups emerging.

I am not sure myself whether they will be ideologically based political parties as you might get them in other parts of the world, but groups, yes.

Liu: Last month you went to China. Now have you spoken with the Chinese officials, have you touched on this matter when you were there? [sentence as published]

Governor: I didn't talk about political parties, no.

Bale: Sir David, you stressed in your very first answer that governing Hong Kong is not a one man job, it involves team work. But there does seem to be a lot of discontent in your team at the moment.

We have got the government surveyors who are unhappy, so are the doctors, so are the nurses. You seem to have some problems with the judiciary. We have got the ambulancemen, the policemen, the customs officers, unhappy with the salary situation.

And just last week the Chinese Civil Servants Association describing the pay negotiations setup as "chaotic". You are the team captain. Why are your people so unhappy?

Governor: Well, I would say first of all I have got an extremely good team. I think they are absolutely first rate. We have got a very good civil service in Hong Kong, it works very well to deal with all the problems we face.

It is an extraordinarily active government. If you compare it with governments and civil services round the rest of the world, or if I compare it with other bureaucracies that I have worked in, I think this is a first rate bureaucracy and I am proud to be team leader, to use your words.

Now of course we have our problems and most organisations tend to have problems about pay in an inflationary situation. Whenever you try to sort out those problems, as we have been recently with the disciplined services, you get people who are dissatisfied with some part of the result.

Some people are satisfied. Some people who haven't come out of it quite so well are dissatisfied, and naturally enough they express their dissatisfaction because they hope that the terms will be improved.

What I hope is that in dealing with all these problems we will deal with them by discussion.

Let me take for instance the disciplined services. The proposal in the Rennie Report is that there should be a special committee to look after the disciplined services.

Now that is a major step forward for the disciplined services. It is something they have been wanting for a long time. That will be the forum for continuing to discuss any particular problems that the disciplined services face.

You can't expect in dealing with pay that people will simply say, yes we agree with that decision, we think it is first rate, and everybody says that.

Of course there will be problems put forward but the way to deal with them and the way I am sure that they will be dealt with, is by continuing discussion and not by actions which could put at risk the interests of the public.

Liu: Sir David, how much of a dent would you think the brain drain would create for the civil service and its localisation policy?

Governor: The brain drain at the moment is not affecting the civil service perhaps as much as it is affecting the private sector.

The extent to which people are leaving the civil service is actually quite small at the moment. It is about 4-5 percent in the civil service, and that is very much lower than the rate of change of jobs in the private sector.

So at the moment we are not being seriously affected by the brain drain, by people moving away.

Liu: What do you see when you look ahead though?

Governor: It is difficult to say at the moment. I expect that there will be people from the civil service who will emigrate. I mean the civil service is part of society and there will be people moving from the civil service, just like there are people moving from the private sector.

At the moment it doesn't look as if it going to be a serious problem.

Your second question was on localisation. In the civil service we have been localising, as you know, for a long time, and before 1997 we have got to localise all the top jobs because the top jobs must be held by local people, so we will do that.

But there will still be a role for expatriates in the civil service up to 1997, and well beyond 1997 because that is provided for in the agreement on the future.

In the private sector I suspect that two things: one, because the economy is growing so fast, and, two, because some of the talented white collar workers are leaving, that there is going to be a greater role for expatriates in the private sector than might have seemed likely, let's say, five years ago.

Bale: Let's follow up this business of emigration. You admitted earlier this year that 40,000 to 50,000 people will leave Hong Kong this year. Some people even suggest the estimates might be slightly higher than that.

But it is true, isn't it, that millions more would go if only they had the money or the family connections to gain them entry to another country overseas, and so that the brain drain or emigration, call it what you will, is basically just a symptom of a much more general sickness that the people of Hong Kong do not have confidence in the future.

Governor: I wouldn't put it like that myself, and first of all I wouldn't say I admitted that there would be 45,000, or 40,000 to 45,000. That was an attempt to get the best possible estimate we could, so it was a positive attempt to try to pin down the figures so we weren't dealing with rumour but with hard fact.

There probably are more people who think about going than actually go. It is the sort of thing that a lot of people talk about, and particularly from certain sectors of society they talk about it.

Many of the people who talk about it will never actually go, just as in many other countries people talk about, say from Britain, there used to be a lot of talk about emigrating to Australia in the 1950s and 1960s. Most who talked didn't actually go.

It will always be true in Hong Kong that the vast majority of people won't go. So we must think of the people who are going to stay here, people who either would like to go but can't, or many, many people, those who have committed themselves to Hong Kong, and want to work to ensure that Hong Kong does have a successful future.

Bale: Sir David, somebody watching this programme may feel, well, you would talk about commitment, you would talk about confidence. I mean that is what you are paid to do, you have a British passport, you won't be here in 1998.

But the viewer, perhaps working in a manufacturing industry or having his own small business, dealing every day with counterparts in China, seeing the corruption, seeing the inefficiency, seeing the bureaucracy, and then comparing that with what he sees in Hong Kong, cannot look to the future of Hong Kong with confidence. He looks forward with fear or despair.

Governor: Well, I hope it is not true that all of the people who are watching this programme from the places that you suggest are looking forward with fear or with worry.

That people should be concerned about change, I totally understand. That I should be committed to making a success of the future of Hong Kong is absolutely true. It is not simply my job, it is my own personal commitment to try to achieve that.

We face a certain historical moment for Hong Kong. Many people probably would have preferred that that choice didn't have to be made, that those decisions about the future were not forced upon us. But that is the historical situation in which we find ourselves.

Now we, and I, must try to ensure that works as well as it possibly can for the good of the people of Hong Kong, because there will, in 1997, be five-and-a-half, six, maybe over six million people living here.

We must do whatever we can for the sake of those people, and we must try to create a situation in which not only can they have confidence in the future, but which the arrangements for the future, the high degree of autonomy, Hong Kong looking after its own affairs, actually works.

Liu: Sir David, what are your major concerns in maintaining Hong Kong's prosperity; for example there is the labour shortage, middle management people are leaving, plus inflation is back. How do you think these problems would be worked out?

Governor: The way you put it makes it sound marvelously gloomy but if you go round the rest of the world as I have been doing recently and you talk about what has been happening in Hong Kong, you talk about 13 percent real growth last year, 11 percent real growth the year before, an average of eight percent real growth over 20 years, they are astonished.

This is far better than most economies in the world manage to achieve.

Now of course we have got problems. We have got inflation at the moment which is uncomfortably high. We have got a labour shortage which is largely a product of a booming economy.

We have got problems. But don't let's get overwhelmed by these problems, and forget the very real achievements of the Hong Kong economy.

Liu: Well, in fact the problems that I have mentioned were actually raised in a Hong Kong Bank report issued last night so I was just wondering if you are a bit worried about the economic outlook, say for the next couple of years?

Governor: That report I only read in the press this morning. I haven't seen the full text, but it said that the outlook for next year looks reasonably good and that was quite encouraging.

Now of course inflation is a problem. The labour shortage is a problem. The world trade situation, if protectionism revives itself, is a problem. I am confident that Hong Kong and the Hong Kong economy will face and tackle those problems just like we have in the past.

Bale: Sir David, your position in our society, and indeed your salary to some extent, protects you from the effects of inflation.

It is not so easy for ordinary people, and the KMB [Kowloon Motor Bus] bus fare increase just announced is another evidence of how inflation is affecting ordinary people.

One factor behind that is that our currency is linked to a weak U.S. dollar. How much longer is the Government going to maintain this [Hong Kong] \$7.8 link?

Governor: We have no intention of changing it, that is the first point. But on inflation, yes of course inflation is a worry for people. Whatever their salary level inflation makes a difference to the way in which your lifestyle operates. [sentence as published]

It is also true, surely, that wages have been going up very rapidly in Hong Kong. Now there are some people who probably get caught in that squeeze, but for most people wages are going up at least at the rate of inflation.

Liu: Is there a solution in sight, do you think, for the labour shortage problem?

Governor: An economy eventually self-corrects. When the economy slows down then the fact that we are suffering from a fairly serious shortage of labour at the moment won't be so acute.

Two other things ought to happen. One is that there will be a greater degree of mechanisation in the manufacturing industry.

Secondly, there will probably be further movement across the border into China for cheap labour products. And this can be beneficial to the Hong Kong economy.

If we are going to survive as a successful economy with high rates of pay, and that is the sort of economy we are becoming, we have got to move up-market.

Moving up-market means you have got to mechanise because you have got to improve the quality of your goods. So this process, uncomfortable thought it is when you are going through it, will in the end be beneficial to Hong Kong.

Liu: So are you saying that, first of all, the economy might slow down and then you are saying to the industrialists that they will just have to wait it out and maybe change in time?

Governor: I am saying it is slowing down, that the rate of growth has slowed down this year. I compared 13 percent real growth last year with this year when the estimate at the moment is six percent.

I noticed the bank report you referred to said, I think, seven percent. But that is a great deal slower as a rate of increase than last year, so it is slowing down, and I think that is part of the natural process.

I am saying to industrialists that there is a need to move up-market which they are very well aware of and they are taking action to do precisely that.

Bale: A thousand young children, Sir David, face a pretty bleak Christmas behind bars at the San Yick closed centre in Tuen Mun.

Two weeks ago the media showed us the appalling health problems that existed in the centre and we saw these pictures of children with horrible skin sores and there was a health survey which showed that out of 100 children, 93 had medical problems and there was serious mal-nutrition among 18 percent of the under-5s which is an alarming figure.

Some of the children hadn't been outside the camp once at that point in five months. Now this week there has been some relaxation. The rules have been relaxed.

People are able to move a bit more freely and, as if by magic, the fans and the lights have been repaired, the showers have been improved, the whole place has been given a good clean, and some pot plants appeared at the door because the Omelco [Office of Members of the Executive and Legislative Councils] members are going round.

So my question is simply this, why does it take media pressure and a visit by Omelco members before the Government treats refugees as human beings?

Governor: Well, let's go back to the basic problem which is the huge influx of Vietnamese boat people into Hong Kong which is an appalling problem to have to deal with in human terms, first of all.

Because these are people, after all, who are not trying to come to Hong Kong. None of them, or very few of them, want to settle in Hong Kong. They are trying to go to Canada, the United States and Australia.

They have very little chance indeed of ever getting there, so we have a human problem of huge dimensions.

And then, secondly, a practical problem for Hong Kong, having to deal with a sudden influx of people, many thousands of people coming in a short period of time, to a place which is very overcrowded as everybody here knows, where some people live in conditions which are far from ideal, very crowded conditions in parts of Kowloon, people who have been living in squatter huts for many, many years.

So into that situation we have thousands of people coming from outside who don't wish to come to Hong Kong. We have to deal with. That is a practical problem.

San Yick building, which I went to see myself, is far from ideal. It is not a good place to keep people over a long period of time. It is the result of having to tackle in an emergency and find a place to give shelter to people short-term.

The sooner we can get the people in San Yick building into a better camp, the better, and the happier I shall be. But it is a practical problem and you can't achieve it overnight.

Meanwhile, something has to be done for the people who are there and it doesn't simply require Omelco to go and visit it. There has been a long-term plan for children to go out to be educated, for people in that place to go out and get recreation, and for a gradual liberalisation for that camp, as well as other camps, so that people can get jobs outside and can move outside the camps.

It is a gradual process in which not only do we have to deal with the practical problems, but we also have to deal with the reactions of the local community and take things one step at a time.

Bale: As you suggested, it is a long-standing and very sad problem and I think many people in Hong Kong are really fed up with it, and feel very much that our community is being left to sort this out very much alone.

Why is it that you, and indeed your predecessors, despite your links in London, have been unable to convince the British authorities to set a lead where resettlement is concerned?

Governor: Certainly not for want of trying. I have been saying to ministers, and I will continue to say to British ministers, that I would like to see a greater British/UK offtake from Hong Kong.

Both for its own sake, we do need resettlement places for the people who are defined as refugees, and to give a lead to other countries because if the UK is not giving a lead, does not have a substantial programme, then it is that much harder to persuade the other countries like the United States, Canada, and Australia, that they, too, should increase their offtake.

So it is something which I have been saying to British ministers already, and I will continue to say to British ministers.

Liu: Sir David, what is the Government planning to do with the LRT [Light Rail Transit]? There have been a lot of promises about improvements, and yet accidents continue to happen.

People have been forced to use the service because the other modes of public transport have been cut. Now what do you have to say to people in Tuen Mun?

Governor: When you have new system of transport like the LRT, it always takes time for people to get used to it. It takes time for drivers to get used to it.

It takes time for the operation itself to become more effective and to work out what the problems are.

We did face quite a lot of teething problems and you will remember that the formal opening of the system had to be delayed while some of those problems were dealt with.

My impression is that now the situation is very much better, some of those teething problems have been dealt with. The people of Tuen Mun, passengers and drivers alike, are now much more used to the LRT, and that is the sort of natural process you would expect.

Accidents are tragic but road accidents, sadly, happen the whole time so we shouldn't separate out the LRT as though it was completely different from other road problems.

Liu: I understand we have one more question, and that is what are your priorities for next year?

Governor: My personal priorities, or the priorities for the Government?

Liu: For the Government?

Governor: For the Government, I laid out quite a lot of those priorities in my Legco speech. They are to deal with some of the long-term decisions.

One of the main ones is the airport. That is a huge strategic decision for the future of Hong Kong. The port is another one.

We will have to go on dealing with the problem of Vietnamese boat people. We will have to make sure we watch and monitor the economy very carefully so that the problems we have been discussing just now don't become too great, that we tackle them in time. Those are some of the problems.

Liu: On a personal level, what would you like to see achieved next year that you failed to in 1988?

Governor: Well, if you ask me what personally I would like to do more in 1989, I think the answer would be, I would like to get out of my office even more than I do at the moment.

I find that going around Hong Kong is something which is enormously important. There is so much happening here, that I want not just to see it but to give my own support to what is happening, and I find it immensely encouraging when I get a chance to go out and see what people are doing in this very energetic and, I think, very committed community.

So I should like to be out and about even more than I have managed to do in 1988.

Hilton: If I may chip in there, Sir David, we still have a minute or so left. You are a man who does get out and about a lot and you are a great lover of the countryside.

Could I ask you how confident you are that Hong Kong is going to remain the pleasant and green place that so much of it is today?

Governor: I am determined to do whatever I can to make sure that it does. I mean, some of those country parks where you and I have bumped into each other at weekends are superb and we have got about, what is it, 40 percent of the whole territory as country parks.

We need to keep that as a form of recreation, as a lung as it were for the community, so we have to preserve that. And then we have to do more than that, we have to improve what we have already got and this is the environmental question which I have devoted a great deal of effort and personal commitment to.

The time has now come when I believe the community wants the environment to be improved and the community is prepared to spend a greater part of our resources doing it. And that exactly fits in with my own personal commitment to do precisely the same thing.

Survey Shows Low Public Enthusiasm for Politics
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[“Research Data From the Chinese University of Hong Kong Shows That People in Hong Kong Are Not Enthusiastic About Politics”—ZHONGGUO TONGXUN SHE headline]

[Text] Hong Kong, 13 Dec (ZHONGGUO TONGXUN SHE)—Data from a recently completed survey in the form of a questionnaire shows that Hong Kong people's enthusiasm for politics remains low. Most are not in favor of organizing political parties. In the eyes of Hong Kong people, at present there is still not a trustworthy political leader on a territory or districtwide basis.

The Hong Kong Research Center of the Chinese University of Hong Kong recently completed a territorywide sample survey in the form of a questionnaire. One of the questions was: Are you, or are you not in favor of the people of Hong Kong organizing political parties? Those extremely unfavorable, accounted for about 2.5 percent, about 48 percent were unfavorable; those in favor made up about 24 percent and about 1 percent were highly favorable. About 23 percent had either no opinion or no understanding of the question.

The research center did a similar questionnaire survey in 1985, asking whether the appearance of political parties would improve political institutions in Hong Kong. Half the number of respondents answered “yes” and half “no.”

The newly completed questionnaire survey also shows that at present, there is no political leader worth trusting in the minds of Hong Kong people. The questionnaire asked: In your mind, is there a political leader in Hong Kong worthy of your trust? 69.6 percent answered “no”; those answering “yes” cited different examples, making it impossible to concentrate on any one figure. In answering the question “Is there a local leader in your residing district worthy of your trust,” 67.7 percent answered “no” and 10.6 percent answered “yes.”

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